FBIS DAILY REPORT

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CONTADORA GROUPS DISCUSS NICARAGUA, AREA ISSUES

Dialogue in Nicaragua

PY272301 Paris AFP in Spanish 1947 GMT 27 Feb 86

[By Claudio Paolillo]

[Text] Punta del Este, 27 Feb (AFP) -- Diplomatic sources have told AFP that the foreign ministers of the Contadora Group and the Contadora Support Group today discussed the reestablishment of the dialogue between the Sandinist Government and the Nicaraguan opposition. The issue was analyzed shortly after the U.S. Government announced that it is willing to resume direct talks with Nicaragua, provided Managua agrees to negotiate with the opposition and with the anti-Sandinist counterrevolutionaries. The Nicaraguan Government has refused to engage in any kind of talks with the contras, whom it considers mercenaries in the pay of the United States.

While the Ministers' meeting was in progress, Uruguayan Foreign Minister Enrique Iglesias told reporters that the reestablishment of the internal dialogue in Nicaragua is an important part, though not the only important factor, of what we consider the permanent foundations for peace.

The foreign ministers of Colombia, Mexico, Panama, and Venezuela (the Contadora Group) and of Argentina, Brazil, Peru, and Uruguay (the Contadora Support Group) are meeting in this resort, 139 km east of Montevideo. It has been announced here that upon the conclusion of the meeting tonight, a joint document will be issued containing the proposals to bring peace to Central America. The decision to include the reestablishment of the internal dialogue in Nicaragua in the agenda was made following a request by Uruguayan President Julio Sanguinetti, who on 26 February advocated social reconciliation in the Central American countries.

In his opening remarks at the ministers' meeting, Sanguinetti upheld the Nicaraguan Government's refusal to engage in a dialogue with those who are engaged in armed struggle, but warned that in no way should this prevent a dialogue with those who have not resorted to arms.

For his part, Argentine Foreign Minister Dante Caputo has denied that the United States has submitted any proposal to bring peace to Central America to the Contadora Group or to the Support Group. There is no such proposal, he stressed. Caputo added that there is an atmosphere of total agreement among the representatives of the eight countries and that efforts are now aimed at reaching an agreement to propose what he called the practical results for Central America.

Diplomatic sources have said that the foreign ministers are considering the possibility of proposing the deployment of a peace-keeping force in the region, although they pointed out that no agreement has been reached on whether it will be a military or a civilian force.

Ministers on U.S. Policy

PK282014 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1447 GMT 27 Feb 86

[Excerpt] Punta del Este, 27 Feb (NA) -- The belief that the ideas that U.S. President Ronald Reagan recently outlined in a letter he addressed to his Latin American colleagues involved in the efforts to bring peace to Latin America are not a new peace proposal (?was gaining ground here) today as the foreign ministers of the Contadora Group and the Contadora Support Group began their deliberations.

Shortly before joining a meeting being held in a hotel 10 km north of Punta del Este, Uruguayan Foreign Minister Enrique Iglesias said he does not know about "any new U.S. proposal."

Regarding the reports that Reagan had said that his country is willing to engage in bilateral talks with the Nicaraguan Sandinist regime, Iglesias said: "These are only the same ideas that have always been there."

While the Argentine, Uruguayan, Brazilian, Mexican, Venezuelan, Peruvian, and Panamanian foreign ministers -- the Panamanian minister arrived this morning -- began to consider the Central American situation, a large number of their assistants met in another room at the "La Posta del Cangrejo" Inn to prepare the agenda for the meeting that the Follow-Up Committee of the Consensus of Cartagena will hold here tommorrow.

Nicaraguan Mission Arrives

PY271446 Buenos Aires TELAM in Spanish 1407 GMT 27 Feb 86

[By special correspondent]

[Text] Punta del Este, 27 Feb (TELAM) -- An unexpected mission that will deliver a personal letter from Nicaraguan President Daniel Ortega has arrived in Punta del Este. The letter will be delivered to the Contadora Group and to the Contadora Support Group. There is no official information on the subject, but leaks have indicated that Ortega is making new proposals for peace in Central America. It is not being ruled out that the personal letter of the Nicaraguan president could mention aspects related to the buffer and peacemaking force along the border between this country and Costa Rica.

Ortega Message Cited

PY280118 Buenos Aires TELAM in Spanish 2003 GMT 27 Feb 86

[By Eduardo Silberkasten]

[Excerpts] Punta del Este, 27 Feb (TELAM) -- Argentine Foreign Minister Dante Caputo, acting as the spokesman for the group of foreign ministers gathered here, said today that practical measures will be announced this afternoon resulting from the meetings of the Contadora Group and the Contadora Support Group foreign ministers. Caputo stressed that the meeting showed the progress achieved since the Caraballeda message and that the talks are being held within the framework of a will for lasting and stable peace in Central America.

Caputo denied that the Contadora Group has received any proposal from the United States. He agreed that the Caraballeda message has established the principles that are intended to be implemented in the Central American Cooperation and Peace document.

Regarding some statements attributed by the press to Caputo, the Argentine minister said that he had not returned dissappointed from the United States. He said that he simply had expressed his concern at the lack of interest shown by the United States in accepting part of the responsibility for the foreign debt issue.

Meanwhile, it has been confirmed here that Nicaraguan President Daniel Ortega has sent a personal message to the presidents of the member countries of the Contadora Group and the Contadora Support Group.

The message, which was delivered to the foreign ministers meeting here, expressed the need to give support to Nicaragua within the framework of the message of Caraballeda. In his message, which was delivered this morning, Ortega requested further progress toward solving the Central American problem. Another important issue mentioned in Ortega's message is that he hopes to obtain economic support for his country, since the United States is granting help to the contras who are operating on Nicaraguan territory.

Ortega's position seeks to obtain from this meeting in Punta del Este economic support to help alleviate the serious crisis that is affecting the Sandinist government. Despite the silence maintained by the delegations, it is possible that this subject will be analyzed by the foreign ministers this afternoon.

Tinoco Reads Ortega Letter

PA272119 Managua Radio Sandino in Spanish 1939 GMT 27 Feb 86

[Text] Nicaraguan President Daniel Ortega called on the presidents of the Contadora and Support Group countries to firmly ratify Latin America's position on finding a political solution to the Central American conflict. Commander of the Revolution Daniel Ortega expressed in a letter his basic political suggestions that should be reaffirmed at the upcoming meeting of the foreign ministers of the countries that form the Contadora and Lima groups to be held in Punta del Este, Uruguay. At noon today Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco read the letter before the Latin American presidents.

[Begin Tinoco recording] First of all, we believe that President Reagan's decision to request $100 million for the counterrevolution is a blow to the spirit of understanding that encourages the foreign minister's meeting in Punta del Este. Undoubtedly, while Latin America meets to seek new steps and initiatives for peace this decision adopted by the [Reagan] administration is a hard blow.

Secondly, this decision adopted by the Reagan administration is an open and emphatic rejection to the Caraballeda Message and its proposal for simultaneous mediation. One of the aspects the message includes is the issue of the counterrevolution.

Third, this U.S. Administration decision is, objectively, an act that confronts the Latin American peoples' common desire to seek a solution to the Central American crisis based on respect for the people's sovereignty and independence. Therefore, President Ortega calls on the presidents represented within the Contadora and Support Groups to firmly ratify the Latin American positions for a peaceful and negotiated solution.

Second, he calls for a defense of basis of the Caraballeda Message including an immediate ban on any country that may support the irregular forces.

Third, this is a call to put forth every effort to make the U.S. Government reconsider its decision and urge them to abandon its policy of confrontation with the legitimate aspirations of Latin America. [end recording]

'Demililitarization Mechanism' Cited

PY271935 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1815 GMT 27 Feb 86

[Text] Punta del Este, 27 Feb (NA) -- Diplomatic sources stated here today that this afternoon the Contadora Group and the Contadora Support Group will announce the creation of a "demilitarization mechanism" that will function on the Nicaraguan-Costa Rican border.

According to the sources, the mechanism "will not be military." It will be described in communique that the eight foreign ministers will release by midafternoon at the conclusion of their evaluation of the Central American situation.

The sources added that this mechanism will be created with the cooperation of the eight countries taking part in the pacification effort in Central America, and that "international assistance" may also be requested. This reference points to Western Europe, which is a possible participant in the effort. The sources explained that the mechanism "will not be military" and that it will be established following the agreement that Costa Rica and Nicaragua recently reached for reestablishing diplomatic relations. This agreement was signed thanks to Argentina's cooperation.

Although they did not give details, the sources admitted that the mechanism is "an initial step leading to the peace-keeping force project" that the Contadora Group studied last year.

Sanguinetti on Peace Efforts

PY280231 Buenos Aires Argentina Televisora Color Network in Spanish 0000 GMT 28 Feb 86

[Interview with Uruguayan President Julio Maria Sanguinette by an unidentified Argentina Televisora Color correspondent in Punta del Este, live or recorded -- in progress]

[Text] [Sanguinetti, in progress] ...peace or war. The peace or war phenomenon is never a local phenomenon, and when it affects Latin America it concerns each and everyone of us. This has been a great effort for peace, about which many people are very skeptical, but we continue to regard it with optimism. If this Contadora Group had not existed, it is quite likely that we would have heard gunshots by now.

[Reporter] Do the superpowers talk about peace with the same feeling as the Latin Americans?

[Sanguinetti] Look, I would say that the superpowers have contradictory feelings and contradictory forces, and so do we. Let us not only think of a Manichaean world. We must speak clearly, frankly, with everyone. They have problems, and so do we. We must speak clearly to them. That is why we must point out that no country has the right to interfere in another country, to finance guerrilla groups; no country has the right to neglect political freedom, to forget their duty to seek a national reconciliation, to forget to talk to those who, without weapons, may contradict the government. [president interrupted by reporter] conquer democracy.

[Reporter] Mr President, is the conflict an East-West or North-South conflict?

[Sanguinetti] They are interrelated, as are the cardinal points.

BRAZILIAN, VENEZUELAN MINISTERS SPEAK ON DEBT

PY270315 Buenos Aires Argentina Televisora Color Network in Spanish 0000 GMT 27 Feb 86

[Interview with Brazilian Foreign Minister Roberto Abreu Sodre and Venezeulan Foreign Minister Simon Alberto Consalvi by unidentified Argentina Televisora Color correspondent in Punta del Este; date not given -- live or recorded]

[Excerpts] [Reporter] President Julio Maria Sanguinetti officially inaugurated the meeting of the Consensus of Cartagena Follow-up Committee here at the Maldonado Municipal Hall at 1930 [2130 GMT].

The Brazilian foreign minister will describe the political framework of this meeting:

[Sodre, in Portuguese] Cartagena and Contadora are two organizations that focus on issues referring strictly to Latin American countries. Each organization has its own characteristics, but within these there is always a link. There are common interests shared by all Latin American countries. What we seek is to gradually strengthen the Latin American countries' interests in order to become a great power.

[Reporter] Could it be said that the Latin American bloc, the bloc affected by the foreign debt problem, would make a mistake by forming a debtors' front?

[Sodre] No. I believe that if we continue united we will be able to confront our foreign debt problem through dialogue with the developed countries. We know that we will find understanding among the creditor countries for the debtor countries.

[Reporter] In the meantime, the situation in Venezuela -- one of the countries that has summoned this meeting -- and its rapprochement toward the Latin American bloc is an attitude that some have termed as suspiciously solidaristic; it will now be explained by the Venezuelan foreign minister as follows:

[Consalvi] We are meeting here to discuss two subjects of great importance to Latin America; one of them the Contadora Group and Central America, which will be discussed by the foreign ministers tomorrow, and the other, the Consensus of Cartagena and our countries' foreign debt problem.

[Reporter] Are there any links between Contadora and Cartagena regarding their objectives, studies, and even regarding the conclusions that may result.

[Consalvi] It would be very difficult to link the Central American political crisis, the state of war and emergency in that region, with the foreign debt problem. I think that they are two different issues but, anyhow, they deeply concern we Latin Americans, and the solution to both problems probably has much to do with our capacity to identify ourselves, to adopt joint actions and joint objectives.

[Reporter] It is stated that at this moment when one of its main resources, oil, suffers a drop in price, Venezuela further identifies itself with the Latin American bloc. Has this spirit of solidarity reappeared, or has Venezuela always been present.

[Consalvi] No. Venezuela has always been present. [Passage indistinct] before the oil prices experienced a crisis.

OAS ANNOUNCES L. AMERICAN CARIBBEAN AID PROGRAM

FL271914 Bridgetown CANA in English 1610 GMT 27 Feb 86

[Text] Washington, Feb 27, CANA -- The Organization of American States (OAS) announced today a broad U.S. 9 million dollar technical assistance programme in Latin America and the Caribbean to be implemented during the next 22 months.

The 14 projects administered by its Department of Educational Affairs will concentrate their efforts on the areas of education and job training.

Areas to be touched include initial and basic education, curriculum, training of teachers, resources for learning, special education and rehabilitation, adult education and literacy, medium level technical education and professional training, job and productivity training, training in planning and regionalization, educational administration, educational research, educational statistics and evaluation, communication and information for education, and higher education.

The programmes will be implemented in 1986-1987, continuing the trend begun last year in which 147 specialized research projects were carried out and in which 31,396 people benefitted in the Caribbean and in Latin America, the OAS said.

Between 1984 and 1985, the department coordinated the implementation of 331 projects with an estimated value of U.S. 12 million dollars.

According to the department, the inclusion of a large number of new projects presented by the Caribbean and Latin American countries themselves signifies, without doubt, a wide margin for renovation within the programme, keeping in mind that even the projects already begun were subjected to a process of selective evaluation for the coming biennial. The greatest number of beneficiaries of last year's projects were the participants in courses aimed at the training of specialized personnel who can, in turn, contribute to an improved level of regional education. In this area, the Caribbean nations most benefitting were Jamaica, Grenada, and Barbados.

Workshops represented the second greatest area of impact, especially in Jamaica, Barbados, and the Dominican Republic, the OAS Said.

Last year, a total of 1,983 people benefitted from the combined projects in the English-speaking Caribbean.

ALFONSIN RECEIVES LETTER FROM PERU'S GARCIA

PY272121 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2153 GMT 26 Feb 86

[Text] Buenos Aires, 26 Feb (NA) -- In a personal message addressed to Argentine President Raul Alfonsin a few days, ago Peruvian President Alan Garcia expressed his "deep annoyance" at the campaign orchestrated by Argentine opposition sectors to discredit the Argentine president. Official sources today said that in his message, Garcia stated that "he will in no way allow" his proposed visit to Buenos Aires in mid-March to be used to damage the Argentine president's image.

According to sources consulted by NOTICIAS ARGENTINAS, the message was delivered to Foreign Minister Dante Caputo by Peruvian Ambassador Grados Bertorini, on his return a few days ago from Lima, where he met with President Garcia. The Argentine foreign minister handed the message to President Alfonsin. The sources said that, in his message Garcia stated that "in no way will he allow his presence to be used" for the campaign aimed at discrediting the Argentine president.

Garcia will arrive in Buenos Aires around 15 March on an official 2-day visit during which he and his Argentine colleague will discuss, among other issues, the region's foreign debt. As is known, Argentine opposition sectors have praised Garcia's decision to allocate only 10 percent of the Peruvian export income for servicing the Peruvian foreign debt. Posters showing a child and the phrase "Beloved fatherland, give me a president like Alan Garcia" appeared on the walls of Buenos Aires houses some time ago.

TREASURY SECRETARY ON DEBT, PRIVATIZATION

PY211945 Buenos Aires BUENOS AIRES HERALD in English 21 Feb 86 p 3

[Text] (NA-DYN) -- Treasury Secretary Mario Brodersohn said Argentina's foreign debt stood at 48.378 billion dollars as of December 31, 1985, and that interest payments on the debt would come to 4.951 billion dollars this year. New loans from abroad would pay for the equivalent of 2.103 billion australs of interest, and the rest would come from the treasury, said Brodersohn. He said 28 percent annual inflation, as forecast in the executive's 1986 budget proposal, was "perfectly possible," adding that January's inflation was below expectations.

Speaking before the Lower House Budget and Treasury Committee, Brodersohn said he supported privitization of the Somisa steel plant and petrochemical plants as announced by Economy Minister Juan Sourrouille. Both the public sector and the industrial sector needed "structural changes," Brodersohn said, pointing out that industrial production was less than it was 15 years ago and that 95 percent of local industry's market was within Argentina.

GOVERNMENT OFFICIALS RAP PRIVATIZATION PLANS

PA222239 Buenos Aires BUENOS AIRES HERALD in English 22 Feb 86 p 3

[Text] (NA-DYN) -- Two government officials criticized the government's privitization plans yesterday and said that 29 state-owned companies are "untouchable," while Treasury Secretary Mario Brodersohn was said to have drawn up a new list of companies that are to be sold off. Public Companies Control Secretary Marcelo Kiguel and Water and Energy head Carlos Emerito Gonzalez said that the state oil company YPF, the state gas company, SEGBA, Encotel, Entel, and 24 other companies "are untouchable."

They vowed that "no state utility will be privatized" and said the General Mosconi petrochemical plant "should be maintained" in state hands. Economy Minister Juan Sourrouille announced the complete sell-off of the plant and two other factories early this month. They also called for the creation of a single national electricity company, which would put Water and Energy, SEGBA, Hidronor, and the Yacyreta and Salto Grande dam authorities under one gigantic aegis. They claimed such a juggernaut would "save immense sums."

Brodersohn has drawn up a list of 15 firms to be sold off to the private sector and is looking over a proposal to give the executive more power to do just that, according to an article in the daily CLARIN published Wednesday. The companies to be privatized are Austral Airlines, the centre-west gas pipeline, various ports, grain silos, and the rest of the Siam manufacturing complex, according to the report.

The proposal would allow the president to begin privatizations without notifying Congress and remove Congress' power to veto privatizations. Officials are eager to remove parliament's role in privatizations because Peronist and other opposition forces are sure to put up a fight, according to CLARIN. Meanwhile, former Foreign Trade Secretary Ricardo Campero said in Mar del Plata that "there is no idelogical U-turn" in the Radical Party on the issue of privatizations, adding that "the role of the state" has been one reason why "the Argentine economy has not grown for years."

PERONIST DEPUTY WANTS DEBT POLICY CHANGED

PY252313 Buenos Aires Domestic Service in Spanish 1600 GMT 25 Feb 86

[Text] Jose Luis Manzano, the leader of the Peronist Renewal bloc of the Chamber of Deputies, has said that the government should change its foreign debt policy. In an exclusive interview granted to our reporters, Deputy Manzano and special envoy Dr Hipolito Solari Irigoyen this morning referred to the upcoming meeting of the Consensus of Cartagena to be held at the Uruguayan resort of Punta del Este.

[Begin Manzano recording] What we are trying to tell the government is that, during the Punta del Este meeting, it should propose that each country begin direct negotiations with the banks, taking into account that the IMF is obstinately insisting on its recessionary formula. The IMF formula is essentially deceitful, because the IMF has told all the countries that they will overcome their difficulties if they increase their exports. This is what they have told us and this is what they have told all other countries. I do not see how all countries will be able to increase their sales and shares of the world market if they all try to do it at the same time. If some countries increase their sales it is because others reduce theirs. They cannot do it at the same time.

The deceitful side of the IMF formula becomes clear whenever a group of nations begins to hold talks. Therefore it is necessary to hold direct negotiations with the banks. We should not agree to negotiate with the banks as a group but with each individual bank, just as they want to negotiate with each individual country. We should seriously tell them: Gentlemen, we cannot continue with this repayment schedule. Let us grow, let us work and we will repay our debts according to our means. This is the only solution that sidesteps the self-destructive insanity of refusing to admit that there is a debt to be repaid, because we do have a debt to repay. This solution will also disqualify the lukewarm attitude of some officials who act as if they were IMF officials in Argentina. I believe the Punta del Este meeting will give Latin America a chance to adopt a united position on the matter. [end recording]

Special envoy Hipolito Solari Irigoyen has also referred to the stand that Argentina will take at the Punta del Este meeting.

[Begin Solari Yrigoyen recording in progress]... join Latin American efforts to face an adverse international situation marked by high dollar exchange rates, huge debts, low investment levels, low prices for our raw materials, and restrictions which have been imposed by the industrialized nations on most of our products. Therefore, we should concentrate international public attention on this situation, to show that there will be a serious world crisis if the Latin American situation is not taken into account. Latin America cannot repay a debt that is nearing $360 billion. This situation has also shown that the Baker Plan is unfeasible, because it is too optimistic and because it is unrealistic. [end recording]

Finally, Dr Solari Yrigoyen referred to Deputy Manzano's proposal to hold direct, individual negotiations with the creditor banks without the IMF as a middleman.

[Begin Solari Yrigoyen recording] This is how I see the situation. The countries go to the IMF for loans because it is advantageous for them and because the IMF loans are the cheapest on the market. Both socialist and capitalist countries are IMF members. Poland, the most heavily indebted socialist nation, has just asked to join the IMF. Therefore, negotiations with the IMF should be held honorably and firmly, as the Argentine Government has done. Had we accepted the initial IMF proposals, we would have been using approximately 8.6 percent of our income to repay our debt. Thanks to the negotiations that began with Minister Grinspun and that have continued under Minister Sourrouille, Argentina is using approximately 5 percent of its income. We believe this is still too much. We are trying to reduce this percentage by extending the terms and by reducing the interest rate. [end recording]

CGT-CGE COMMUNIQUE ON ECONOMIC, LABOR REVIVAL

PY271748 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2345 GMT 25 Feb 86

[Text] Buenos Aires, 25 Feb (NA) -- The General Confederation of Labor (CGT) and the General Economic Confederation (CGE) today expressed "their concern in view of the imminent signing of new IMF agreements," and agreed that "a process of growth, economic revival, and industrial development can result from the country's internal dynamics." Both groups also pointed out that "economic revival and improving the workers' real wage are the most important goals to be immediately obtained. These will grant the population more and better job opportunities and a higher standard of living."

The CGE however, has no intention of participating in the Congress of National Unity being organized by the CGT, and the topic will not even be considered until the union initiatives are more clearly defined. These statements are part of a joint communique released today at the end of a meeting held in the CGE central offices, within the framework of the interviews the CGT has been holding with various political and social sectors.

The communique is entitled "In Defense of Production and Work, and for the Reinforcement of Democracy," and is signed by Saul Ubaldini, head of the union delegation, and CGE head, Jorge David, who attended the meeting accompanied by Juan Roany, secretary, and Rafael Kohanoff, member of the General Confederation of Industry (CGI). The document stresses that the CGT and the CGE "orient their actions toward an economic revival process, based on the inescapable broadening of the domestic market, sole real base for an export policy that brings about lasting and consistant results."

It adds that "otherwise it will be impossible to increase and consolidate productive activities, revive production, establish an industrial profile which embraces new technologies, integrate and reinforce regional economies, and grant a real increase in wages and social benefits."

For the CGT and the CGE these goals "cannot be achieved without a national commitment capable of mobilizing the entire society," therefore "the economic policy will have to be a consensus among all the national sectors, to benefit the country as a whole." They also assert that a process of growth "can only be obtained as a result of the country's domestic dynamics, because the world crisis is becoming more acute through the high interest rates and the sudden reduction in the price of raw material, on top of all types of trade restrictions."

The two entities express their uneasiness about the signing of new agreements with the IMF, and say that "the country must resist all types of deterioration of the socio-economic conditions which might bring about unacceptable pressures on the legitimate or illegitimate foreign debt." In conclusion the two groups commit themselves to "an increasing cooperation" to "reinforce and broaden the mechanisms of an effective agreement, and to definitely grant better conditions for the development of production, the increase of job opportunities, and the harmonious growth of all the regions of the country, as well as the improvement of the standard of living of its inhabitants within the framework of an effective democracy with real social justice."

MANUFACTURERS PROTEST SOVIET TRUCK IMPORTS

PY251457 Buenos Aires CLARIN in Spanish 23 Feb 86 p 23

[Text] The Association of Motor Vehicle Manufacturers (ADEPA) has issued a communique that reveals its "deep concern and energetic protest" over the importation of Soviet-made trucks. Their importation was provided for within the framework of a bilateral agreement concluded with the USSR. These heavy-duty trucks -- totaling 210 -- arrived in the port of Buenos Aires a few weeks ago. They were consigned to the Government Oil Deposits (YPF).

According to ADEFA, this shipment represents 17 percent of Argentine heavy-duty truck production in 1985 and "seriously jeopardizes the efforts of the assembly lines to maintain their operation levels in a domestic market which has been recessive for a long time." ADEFA adds that the FOB prices of the imported units surpass the prices the domestic enterprises can bid.

After reiterating that "it supports bilateral agreements aimed at facilitating the marketing of our exportable surplus of agricultural and livestock products," ADEFA calls attention to the need to prevent such trade from "further reducing the existing small domestic market for motor vehicle manufacturers." The agreement with the Soviet Union was reached a few weeks ago during the visit Argentine Foreign Minister Dante Caputo made to that country.

NEW PERONIST FACTION ELECTS MONTONEROS MEMBERS

PY262059 Buenos Aires DYN in Spanish 1931 GMT 25 Feb 86

[Text] Buenos Aires, 25 Feb (DYN) -- Montoneros leaders Mario Firmenich, Fernando Vaca Narvaja, and Roberto Perdia have been elected members of the executive board of the so-called "Revolutionary Peronist Faction," which today was introduced as a new Peronist faction.

The new faction, which has demanded the resignation of Ministers Antonio Troccoli, Dante Caputo, and Juan Sourrouille and a new pact based on the Constitution, was announced during a press conference held at its headquarters at 1682 Brasil Street. The leaders announced that the faction will be introduced to the public on 14 February [as received] at Plaza Once in Buenos Aires, where they will call for "unity and change within Peronism." In addition to the three Montoneros leaders, the following persons have also been elected members of the faction's executive board: Jorge Cepernic, Pablo Unamuno, Jorge Salmon, Gustavo Gemelli, Ines Lopez, Edgardo Zuain, Nelva Falcone, Jorge Reyna, Emilio Persico, Pedro Montero, Oscar Bidegain, and Enrique Gonzalez Olguin, former editor-in-chief of the newspaper LA VOZ.

JP [Peronist Youth] leader Pablo Unamuno explained the objectives of the "Revolutionary Peronist Faction," while Gemelli read a five-point communique summarizing the faction's program. The program states that "the country can grow but the oligarchy wants to diminish it." It adds that "the IMF, the foreign debt, the Austral Plan, the policy of privatizing state enterprises, which are the workers' only patrimony, and the financial establishment are the causes of the country's decline." It says that "the path to our people's happiness will be found by channeling the country's resources to development and the strengthening of the internal market, and not to the payment of the foreign debt and the renegotiation of dependency ."

The faction's program adds that the Revolutionary Peronist Faction wants "a government that will maintain the 26-point program issued by the General Confederation of Labor [CGT] to begin walking on the path of dignity and social justice," because the CGT and the workers "have demonstrated that they make up the force with the greatest capacity to make a call at the popular and national levels." It also demands "changing the economic plan" so that it "will not overthrow democracy," and the resignations of Foreign Minister Dante Caputo and Economy Minister Juan Sourrouille, whom they describe as "technocrats who aspire for and defend an independent democracy."

In addition,the program demands the resignation of Interior Minister Antonio Troccoli, because of the policy being implemented by his ministry which "permited the acquittal of Guglielminetti and repressed the popular forces, as occurred at the demonstration repudiating (U.S. banker David) Rockefeller, which became the first event destabilizing democracy." Regarding its stand within the Justicialist Party, the so-called "Revolutionary Peronist Faction" stated that it decided to break away "from the rules of the game of the inner structure to base this reconstruction on the social struggle which is today being conducted by the organized workers movement, which is headed by our fellow worker Saul Ubaldini." It added that this sector, "grouped in this process of struggle for national liberation, will make up a unifying force of a separated and dispersed sector which, recognizing the history of a struggling Peronism, can today see the undeniable need to reunite, first of all, this historical trend and to give a policy of unity and change to the overall Peronist movement."

SARNEY TO ANNOUNCE NEW ECONOMIC MEASURES

PY280110 Brasilia Domestic Service in Portuguese 2100 GMT 27 Feb 86

[Text] President Jose Sarney will address the nation over a national network at 0930 [1130 GMT] tomorrow during a Cabinet meeting. The president will announce several economic measures. This information was released late this afternoon by Presidential Press Under Secretary Frota Neto. Reporter Istenio Ribeiro talked with Finance Minister Dilson Funaro.

[Begin recording] [Ribeiro] President Jose Sarney will address the nation tomorrow. He will announce major changes in the government's economic policy. This information was released late this afternoon by Finance Minister Dilson Funaro.

[Recorded Funaro passage indistinct]

[Ribeiro] Funaro ruled out the possibility of a major devaluation of the cruzeiro. According to him, there will not be a major devaluation whatsoever. [end recording]

Frota Neto gave details of the presidential speech.

[Begin Frota Neto recording] At 0930 tomorrow, the president will announce the basic guidelines of the new economic policy, which will promote growth, strengthen the economy, and curb inflation. Yet this time efforts will not concentrate on merely curbing inflation but also on [words indistinct] so that the Brazilian economy can undergo the adjustments with as few traumatic effects as possible [end recording] Frota Neto said the people should not worry about the new economic measures.

[Begin Frota Neto recording] (?The government will guarantee) the economic adjustment process enforced through the economic measures that the president will announce tomorrow. The government will also guarantee that our economic growth will be maintained. The economists will be able to analyze the new measures and will confirm that the president's decision to promote our economic growth will be maintained [end recording]

For its part, the Central Bank has reported that banks will close tomorrow and that they will only carry out internal operations.

[Paris AFP in Spanish at 2118 GMT on 27 February in a similar report adds: "Among the principal measures that the Sarney administration reportedly will adopt tomorrow are a change in the name of the currency - the cruzeiro will be changed to the cruzado -- a full or partial deregulation of the economy to end the mad race of salaries and prices, and the closure of banks on Fridays."]

New Currency Planned

PY280301 Sao Paulo Radio Bandeirantes Network in Portuguese 0130 GMT 28 Feb 86

[By Lizia Marques]

[Text] Finance Minister Dilson Funaro is holding a meeting with some of his advisers in his office. Despite the many rumors circulating in Brasilia, the people in the Finance Ministry this evening began to admit that the second economic package to be enforced by the New Republic will include the creation of a new currency, the cruzado.

This means that the economy will be deregulated and that a table will be issued to convert the cruzeiro to the new currency. Prices will also be frozen and unemployment insurance will be created. Each cruzado will be worth 1,000 cruzeiros. This measure results from the adoption of the ORTIN [National Treasury Readjustable Orders] pattern and entails the deregulation of the economy. Banks will remain closed tomorrow, and will reopen on Monday. The monetary correction on savings accounts will not be changed, and salaries will be readjusted on the basis of the monetary correction and the inflation rate. Salary readjustments will thus compensate for those months during which no hike was granted.

The inflation rate reached 14.63 percent in February, but speculators will have nothing to celebrate because no major devaluation will be enforced.

LABOR MINISTER TO RESIGN, RUN FOR DEPUTY GOVERNOR

PY271826 Madrid EFE in Spanish 1333 GMT 27 Feb 86

[Text] Brasilia, 27 Feb (EFEO -- Labor Minister Almir Pazzianotto today confirmed that he intends to forsake his portfolio, thus presenting President Jose Sarney's cabinet with yet another crisis, the second one in less than a month. Pazzianotto plans to join Senator Orestes Quercia on the Brazilian Democratic Movement Party (PMDB) ticket for the governorship of the influential Sao Paulo state.

Pazzianotto's plans prompted Sarney to undertake quick consultations with the PMDB for his replacement. This incidentally comes at a time when the PMDB is reviewing the possibility of abandoning the Democratic Alliance established with the rightist Liberal Front party. On 14 February, Sarney overcame his first cabinet crisis and replaced 10 of his 27 ministers, a reshuffle which, in turn, caused resentment among the PMDB, which feels that it has been politically displaced and is studying the possibility of leaving the alliance.

Pazzianotto was one of the ministers of the "shock policy" employed against the successive strike waves (500 in 1985). Pazzianotto's candidacy for Sao Paulo's deputy governorship for the PMDB is unopposed since the other ticket, led by Mario Covas, dropped out of the race on Wednesday. Pazzianotto is a politician who has maintained his prestige among the Sau Paulo trade union movements which he supported as an attorney during the years of military authoritarianism.

PMDB LEADERS ADMIT END OF ALLIANCE WITH PFL

PY272100 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Feb 86 p 4

[Text] Brasilia -- The Democratic Alliance no longer exists. The Brazilian Democratic Mobilization Party [PMDB] has finally admitted that the alliance with the Liberal Front Party [PFL], achieved thanks to the efforts of Tancredo Neves, Ulysses Guimaraes, Aureliano Chaves, and Marco Maciel, no longer exists. The PMDB is finally convinced of this now that the Sarney government depends on the support of a coalition with the PFL and not on the alliance between the PFL and the PMDB.

This was unanimously admitted yesterday by the principal PMDB leaders headed by Pimenta da Veiga and Fernando Henrique Cardoso. They participated in a lengthy secret meeting of the special committee of deputies and senators in charge of preparing the subjects for discussion by the PMDB National Board on 6 March.

The PMDB objective is to support the government without an automatic alignment, in coalition with the PFL "and other parties that may wish to join," without losing their identity, acting openly, and without giving up their commitments to social and economic changes, according to the leaders.

The committee of deputies and senators outlined the basic items that will be studied and submitted to the National Board: labor legislation and salary policy, the foreign and domestic debts; inflation, food, and supply; agrarian reform; and reestablishment of the powers of the legislative branch. Each item will have a subcommission in charge of preparing the respective study. An introduction will contain the assessments and commitments the party has assumed.

One of the most debated items over the past few days before, during, and after the ministerial reshuffle -- the PMDB relationship with the government -- was not on the preliminary list. Leader Pimenta da Veiga tried to explain the omission, stating that, although it is important, "it does not deserve a written study." He added, however, that this subject will have to be discussed by the National Board.

Regarding the possibility of holding two positions concurrently -- of the government and of the PMDB -- Pimenta da Veiga stated that the bloc will have to make the decision on 4 March. Fernando Henrique Cardoso, however, has confirmed that he has given up the government leadership in Congress and that he has already notified the president. He will send a note in this regard to President Sarney today.

Pimenta da Veiga, first, and then Fernando Henrique Cardoso have demonstrated that the PMDB will no longer systematically support the government. Each proposal will have to be thoroughly debated by the two parties of the coalition that give political-congressional support to the government. "Each party must act by clearly explaining the program," they stated.

More emphatically, the PMDB leader in the Chamber of Deputies stated that the party needs to set its position and claim for itself all its achievements, "because many of the things that have been done by the government were done at our initiative." Pimenta da Veiga and Henrique Cardoso admitted that after the Planalto Palace proposals are studied, some disagreements could emerge between the two parties that support the government "through a coalition."

The senator recalled that the PMDB is not in alignment with the PFL on many issues, including the principle of economic growth, the performance of state enterprises, and the agrarian reform changes, among others. Henrique Cardoso added that "in regional and municipal plans, the 'Democratic Alliance' was broken by what happened in many capitals in the 15 November 1985 elections."

Deputy Da Veiga Comments

PY271731 Sao Paulo Radio Bandeirantes Network in Portuguese 0130 GMT 27 Feb 86

[Text] President Jose Sarney is still very concerned about the crisis affecting the Democratic Alliance [AD] as a result of the Brazilian Democratic Mobilization Party [PMDB] decision to stop supporting the government. Deputy Pimenta da Veiga, PMDB leader in the Chamber of Deputies, said in Belo Horizonte that the AD is worn out and afterward he explained the new party guidelines. According to Pimenta da Veiga, the PMDB will improve its political procedures and be more interested in the guidelines of President Jose Sarney's administration.

Pimenta da Veiga said that the PMDB will automatically support government projects whenever there is a total agreement. However, the support will have to be negotiated if small differences arise. In fact, the new position adopted by the PMDB, which by the way is linked to the current electoral period, has not caused much concern among the Liberal Front Party [PFL] members who are also part of the AD.

[Pegin Rodrigues relay from Brasilia] The crisis of the AD, which supports the government, was examined today during President Sarney's meeting with PMDB and PFL leaders in the Senate. Senator Carlos Chiarelli, PFL leader, said that the president is confident that the AD will continue. However, he will not interfere in the internal matters of the parties.

Regarding the decision of some PMDB sectors to break away from the AD for disagreeing with the appointment of the new Cabinet which the PMDB considers too conservative, Senator Chiarelli said: I doubt that the PMDB will break away from the government and resign the 5,500 important posts it has attained in the federal administration. As long as this does not happen, the AD is [word indistinct].

In turn, PMDB acting leader Senator Helio (Vieira), from the conservative wing of the party, said that there are no reasons for a crisis within the PMDB or for worries regarding the Sarney administration. (Vieira) made another surprising comment. He said that not even the national constituent assembly has the power to reduce President Sarney's ruling term which is currently 6 years. (Vieira) said that this initiative must come from the president himself.

There is yet another symptom of crisis among PMDB and government sectors: Senator Hernando Enrique Cardozo has sent a letter to President Sarney requesting that he be discharged from his position of government leader in Congress. President Sarney has accepted his request, but has not made any further comments about it. [end relay]

In Belo Horizonte today Mines and Energy Minister Aureliano Chavez recommended that the PMDB stop complaining and making false accusations against the PFL. Aureliano Chavez recalled that if the PMDB wishes to represent the government it will also have to be responsible for the mistakes as well as the achievements of the policies adopted by the current Cabinet.

MEDICAL COUNCIL TO REVIEW NEVES' OPERATIONS

PY272245 Sao Paulo Radio Bandeirantes Network in Portuguese 0130 GMT 27 Feb 86

[Text] The Federal District Regional Medical Council has decided to file a professional ethics suit against the medical team that cared for the late President Tancredo Neves in the Brasilia base hospital. The first conclusion of the council was that the acute abdominal illness was diagnosed on 13 March but that he was not admitted for surgery until 15 March. It was also considered mistaken to maintain the Meckel diverticulum diagnosis after Neves has undergone the first operation. The medical bulletins were also criticized for giving way to unofficial reports and causing distrust because they did not report the truth about the former president's medical condition. The relationship between some doctors and officials will also be questioned during the enquiry, which will be kept confidential until a decision is made. The Sao Paulo regional medical council also released its conclusions today about an investigation into Neves' case, but it has decided to return everything to the files because no violations to the Brazilian medical regulations could be found.

FOREIGN MINISTER CRITICIZES KENNEDY MESSAGE

PY280144 Santiago Domestic Service in Spanish 2200 GMT 27 Feb 86

[Text] Foreign Minister Jaime del Valle has said that U.S. Senator Edward Kennedy's statements regarding the arrest of political leader Andres Palma are unfortunate. Minister del Valle was referring to a telegram Kennedy sent to express his support for Andres Palma, president of the Christian Democratic Youth, who has been arrested for violating two regulations of the state security law.

Kennedy's message states that he will try to help obtain the political leader's freedom. Minister del Valle recalled that this case is under the jurisdiction of Chilean justice, which has already made a decision by ordering Palma's imprisonment. He added that the government cannot interfere with this decision, so a foreign power should certainly not try to influence or exert pressure to obtain his freedom. Minister Del Valle said that Kennedy's remarks are unfortunate and that they once again show his lack of knowledge of the Chilean juridical system.

DEL VALLE MEETS COLOMBIAN FOREIGN MINISTER

PY280151 Santiago Domestic Service in Spanish 2200 GMT 27 Feb 86

[Text] Foreign Minister Jaime del Valle met yesterday with his Colombian counterpart, Augusto Ramirez Ocampo, at the Arturo Merino Benitez International Aiport. Del Valle reported that the meeting was held yesterday when the Colombian foreign minister was en route to Uruguay to participate in the Contadora Group meeting.

Del Valle said that during their meeting they discussed bilateral matters. They also talked about the Chilean situation with Bolivia because, Del Valle said, Colombia has always been interested in the diplomatic relations between Chile and Bolivia. He said that the Colombian foreign minister expressed his satisfaction at the recent statements by Bolivian President Victor Paz Estenssoro about seeking a new rapproachment with Chile.

In conclusion, Del Valle said that the Colombian foreign minister briefed him on what is going on in the Contadora Group and the items to be discussed at the meeting in Montevideo.

SHIP REPORTEDLY SAILS WITH CLUSTER BOMBS FOR IRAQ

PY280158 Santiago Radio Chilena in Spanish 2200 GMT 27 Feb 86

[Excerpt] The San Antonio newspaper LA ESTRELLA has published an article reporting that the ship Yenca sailed from the Port of San Antonio at 0300. From the report it is obvious that the thirteen 20-ton containers on board the ship contain a large number of cluster bombs that have been sold to Iraq.

GOVERNMENT BANS POLITICAL RALLIES AS OF 4 MARCH

PA272314 Bogota Television Service in Spanish 0000 GMT 27 Feb 86

[Text] The Government has issued new decrees concerning the electoral process. As of 4 March, all political rallies in public squares and reports on the electoral campaign are prohibited.

The sobriety law will go into effect at 1800 on 8 March.

The news media that violates the provision restricting the publication of news on the electoral campaign could be fined up to 100,000 pesos and the drunkards who break the sobriety law will be put in jail to sober up their hangovers.

MONETARY BOARD MEASURES TO CURB INFLATION

PA272310 Bogota Emisoras Caracol Network in Spanish 1215 GMT 27 Feb 86

[Text] Bogota -- In a special meeting of the Monetary Board convoked by Treasury Minister Hugo Palacios, special measures will be taken today against the skyrocketing inflation that caused price increases of more than 3 percent in the country in February.

Controls will be set on currency circulation and this year's monetary plans that threaten to bring about economic instability problems will be analyzed. The board will consider measures to check domestic credit growth, orienting its redistribution in favor of the private sector, government agencies' deposits in the Bank of the Republic will be frozen, and new securities that can be exchanged for certificates will be issued in order to (?cancel) coffee bonanza surpluses.

Initially, and through a lengthy resolution extending the deadline for exports to be collected and arrive at the Bank of the Republic to between 6 months and 2 years, monetary authorities decided in the past few hours to keep out of circulation the U.S. currency generated by exports other than coffee.

In addition, guarantees with a penal clause were established to make sure that exporters will meet the deadlines and turn the U.S. currency over to the government.

GOVERNMENT'S OBJECTIVES FOR 1986 ECONOMIC POLICY

PA261542 Bogota Emisoras Caracol Network in Spanish 1215 GMT 26 Feb 86

[Text] Bogota -- The government has established five basic objectives as part of its 1986 economic policy to clean up the economy and lay the foundation for steady economic growth, National Planning Director Cesar Vallejo Mejia has reported. The government's objectives are: maintenance and strengthening of the country's foreign exchange situation and the gradual, selective expansion of the economy; reinforcement of those conditions that promote investment and employment; stabilization of prices; opening of new possibilities for growth in the agricultural sector; and improvement of the financial sector's situation.

The fulfillment of these objectives will help establish policy for the foreign sector, specifically for imports and the promotion of exports.

MINISTER CHARGES U.S. AMBASSADOR WITH INTERFERENCE

PY280245 Asuncion Red Privada de Teledifusora Paraguaya Television in Spanish 0145 GMT 28 Feb 86

[Impromptu press conference held by Interior Minister Sabino Montanaro after a State Council meeting held 28 February at Government Palace]

[Text] [Montanaro] Well, he can have his own opinion, and we have ours. If he thinks that taking part in meetings with oppositon political parties at their headquarters to discuss, hear, or evaluate their situation does not mean interfering in the domestic affairs of the country, that might be his own opinion and that is his own business. We assert and reiterated that it constitutes a case of interference in our domestic affairs because the life and activities of the political parties in Paraguay are ruled by the constitution and laws. As a consequence, an ambassador can hardly discuss national political issues at the headquarters of opposition parties. If he were to visit the party's [Colorado] Government Junta, he would be shown the party's organizations or the documents that he might want to see. But to sit down and discuss with them [the opposition parties] the situations that affect the mentioned parties does, from our point of view, represent an intervention.

[Reporter] The ambassador has stated that all the contacts he makes are innocent.

[Montanaro] Well, if he believes that, it is up to him. We are aware of the discussions they hold and of the subjects they discuss during those meetings with the members of the irregular opposition parties.

NEW OPPOSITION LEADER ANNOUNCES RALLY PLANS

PY181936 Asuncion HOY in Spanish 18 Feb 86 p 8

[Excerpt] Dr Miguel Angel Martinez Yaryes was sworn in as the new acting president of the National Accord [AN] during a ceremony held yesterday at 1100 in the Case del Pueblo. He announced that the AN is organizing a rally for 14 or 15 May.

GARCIA ON SHLAUDEMANN VISIT, SANCTIONS

PY280139 Lima Television Peruana Network in Spanish 0000 GMT 27 Feb 86

[Press conference with President Alan Garcia by unidentified reporters at Government Palace after his unexpected visit to the Dos de Mayo Hospital and the Lima Maternity Hospital -- no date given]

[Excerpts] Commenting on the upcoming visit by an IMF delegation among other things, President Alan Garcia forcefully asserted that Peru will not welcome any vice royalty-type missions.

[Begin recording] [Question] Mr President, regarding Harry Shlaudemann's visit to Government Palace, what subjects were discussed?

[Garcia] Mr Shlaudemann is a personal envoy of President Reagan, and as such is an ambassador who came to express his point of view regarding the Central American situation. Mr Shlaudemann is President Reagan's ambassador for Nicaraguan and Central American matters. I told him that they have their point of view and that we have a very different one. They say Nicaragua must become more democratic; we say that the United States has no reason whatsoever for interfering in the affairs of the Nicaraguan Government, not even to say that they have to be more democratic.

We say that any intervention against Nicaragua will be considered a hostile act against the entire Latin American Continent. We also say that, although we do not entirely agree with the Nicaraguan political and economic model, which we do not, we do believe that Nicaragua has the right to choose and follow its own path without the intervention or guardianship of such a powerful country as the United States. This is what I told Mr Shlaudemann, and this is Peru's clearly defined position.

Mr Tomas Borge, a Nicaraguan Sandinist leader, will be in Peru tomorrow on his way to Brazil. He will hold meetings with some Peruvian political leaders. This shows that we uphold a truly objective position. It is true that we can make constructive criticism about the growth of democracy in Nicaragua. This is one side of the problem. But, as Latin Americans, we will not tolerate or accept any further pressure on Nicaragua trying to force them to adopt solutions which are not inspired by their own people.

[Question] Mr President, you are one of the Latin American presidents who has condemned Ferdinand Marcos' dictatorship in the Philippines. What is your opinion now that a democratic government has been installed?

[Garcia] I congratulate and greet Mrs Aquino and the memory of her husband, the leader of the Philippine opposition, who was killed in a sinister way. [passage indistinct]. I welcome the fall of a dictatorship which has been in power for more than 20 years; the reestablishment of democracy in any country should be praised. Finally, what I deem most important is the fact that a woman, a woman who suffered the death of her husband at the hands of a criminal, has been able to overcome her grief and become the most important woman world leader of today.

[Question] Mr President, what is the Peruvian position with respect to its debtors? Is there the possibility of an economic sanction by any foreign power?

[Garcia] There is always the possibility of an economic sanction. What we have to realize is that, if we revert to our original state because we are afraid of an economic sanction, we will go back, first: to the treatment prescribed by the IMF; second, to a 200 or 300-percent inflation rate; third, to a real general shortage in the country for lack of productivity; and fourth, to the continuous burdening of our economy with debts.

It is true that there might be sanctions. For example, it is said that we might be found ineligible by the IMF (we are not craving for any selection by the IMF), which means that the Fund will not lend us any more money. It is also said that some small banks might impound Peruvian assets. That is also impossible. According to their logic, they want to recover their money.

We sometimes say that the $14 billion Peruvian foreign debt and the $11 billion public debt have had an unfair origin, like that of all the Latin American debt, (meaning) that very little was paid for our exports, for our raw materials, and a lot was charged for their technology, their industry, and their loans. There begins the enslavement brought about by the foreign debt, which continuously grows due to the usurious interest rates. Therefore, we must look forward to creating solidarity among the Latin American countries. We, as Latin Americans, must establish an effective dialogue. When Latin America has something like its own Latin American monetary fund, when we put our reserves together -- Peru has more than one billion [monetary unit not specified] in reserves, and Argentina has the same -- when we put our reserves together, our capacity for negotiating with the rest of the world will be quite different. This is what I call a kind of Latin American monetary fund of a Latin American reserve fund. I am certain that we are all heading toward this goal: union. Union is fundamental, as we all know.

On 28 July, some people were skeptical when they heard the Peruvian president state that Peru would only be paying 10 percent of our exports in interest [on the foreign debt]. Nevertheless, currently there are many other countries treading this same path. Some have decided to pay 25 percent, others 30 percent, others only 20 percent, but we are already standardizing this concept: How much will I be paid for my exports? And how much shall I pay for my previously contracted foreign debt? For that reason I am convinced that there will be very important events occurring in the next few months, and that our economic destiny will depend on these events, on a closer union.

Let's take into consideration what has happened to Ecuador, Venezuela, and Mexico, all of which are wealthy countries that had great amounts of oil to sell. All of a sudden, the price of oil went down to $30, $25, $20, $18, $16, making their profits smaller and smaller and, therefore, becoming less able to pay their foreign debt. This fact is forcing us to look for other solutions, like that of Peru, for example. I believe that time will prove that the Peruvian solution is right. Well, it is already proving that Peru is right.

I shall repeat some figures: During the first 6 months of 1985, the inflation rate reached 165 percent. During the first 6 months of the April administration, the inflation rate has been between 30 and 32 percent. There is an enormous difference between the two. Our reserves have increased and will continue to increase as long as we do not spread the news about where they are, who is transporting them, or how they are being transported, so as to have someone impounding them. Reserves have increased, currency has stopped devaluating and I am certain that if we do not back up, if we hold our ground despite temporary shortages, despite fears, despite terrorism, which is also an accomplice of the IMF, if we do not back up, the next 6 months will gradually become better.

I have received a report from the National Statistics Institute stating that February's inflation rate will not be higher than 4 percent or maybe some decimals higher than 4 percent. This is very important because it means that, despite the shortage problems, we have an inflation rate less than the 12-percent [monthly] rate that was recorded during the last government.

In this way, little by little, we make history and solve problems. I do not know if I have already spoken too much, but I would like to take this opportunity to state through the media that one of the factors which might slow economic growth, by causing fear, is terrorism. A small group of five people in a car can throw 10 dynamite sticks in Lima in one night, but what are they aiming at? What they want, basically, is to have the press report their attack, and when the press reports it, the effects of the attack by these five people will be multiplied ad infinitum.

How should the country react in face of this situation? With a display of collective will, acts of collective courage, by not being frightened. When I say that we have to fight terrorism, (I mean that) the police will take a certain type of action, the Army a different one, and the state also, but that the citizens must react by not being frightened, by opposing their fear of terrorism. This is what is important. [end recording]

NICARAGUA'S TOMAS BORGE ARRIVES FOR VISIT

PY272237 Paris AFP in Spanish 1958 GMT 27 Feb 86

[Text] Lima, 27 Feb (AFP) -- Nicaraguan Interior Minister Commander Tomas Borge today had lunch with President Alan Garcia at Government Palace. He is making a 3-day visit to Peru in response to an invitation from the governing Social Democratic APRA [American Popular Revolutionary Alliance] party and the Marxist United Left. Borge, who arrived in Lima at noon heading a delegation of the Sandinist National Liberation Front, will leave for Brazil on Sunday, 2 March. Upon his arrival he recalled having lived in Lima 15 years ago, during General Juan Velasco's government, when he went underground to struggle against Anastasio Somoza's regime.

Borge introduced Commander Doris Tijerino to the journalists awaiting him at the airport. He told them that she is the only woman chief of police in the world, in the world's history. Borge was received at the airport by Justice Minister Luis Gonzalez Posada and Nicaraguan Ambassador Mauricio Cuadra, among other officials. Tomorrow, Lima Mayor Alfonso Barrantes will receive Borge at city hall. He will also visit the Peruvian Congress and the APRA headquarters. On Saturday, he will be received by the archbishop of Lima and will also hold meetings with intellectuals, businessmen, and members of groups in solidarity with Nicaragua.

Ties Caraballeda to U.S. Policy

PY280306 Madrid EFE in Spanish 0151 GMT 28 Feb 86

[Excerpts] Lima, 28 Feb (EFE) -- Nicaraguan Interior Minister Commander Tomas Borge said in Lima today that Nicaragua will accept the proposals made by the Contadora Group and the Contadora Support Group, whenever the United States also decides to accept them. Commenting on the agreements that were achieved by the foreign ministers of the countries that make up the two Contadora Groups which met in Venezuela last January, Borge said: "We will accept the nine points included in the message of Caraballeda whenever they are also accepted at the other end, that is, if the United States also accepts these points." The Nicaraguan interior minister made this statement at the end of a meeting at Government House with Peruvian President Alan Garcia. Borge added that "we cannot cease arming ourselves while the United States continues its aggression against our small country. While this continues, we shall continue to carry guns to defend our fatherland."

The Nicaraguan Interior Minister disclosed this during his meeting with Alan Garcia, after the latter had reiterated his support for peace and for negotiations in Central America and "repudiated any interventionist action against Nicaragua." Regarding the ousting of Jean Claude Duvalier in Haiti, and Ferdinand Marcos in the Philippines, Borge stated that "there is a current against the dictators of the world," and that "this represented an irreversible and positive situation for these countries."

The Sandinist leader arrived in Lima today for a 4-day visit that will end on Sunday March 2. He came in response to an invitation of the social democratic governing party APRA [American Popular Revolutionary Alliance], and by the Marxist "United Left", the main coalition opposition force. Tomorrow Borge will be declared "guest of honor" of Lima by Mayor Alfonso Barrantes, who is also president of the "United Left."

CENTRAL RESERVE BANK PRESIDENT ON GOLD ASSETS

PY272204 Lima Panamericana Television Network in Spanish 0215 GMT 27 Feb 86

[Text] Leonel Figueroa, president of the Central Reserve Bank, has stated that our international gold reserves are already in Peru. He said that this measure was taken to prevent any problem that could stem from an embargo imposed by some other country. After a meeting with President Alan Garcia, the president of the Central Reserve Bank said that at this moment the Peruvian international reserves, in gold and in various currencies, total $1.5 billion. He stated that Peru's gold reserves are estimated at $500 million.

[Begin recording] [Unidentified reporter] Are these reserves completely safe and do they no longer run the risk of being embargoed?

[Figueroa] Absolutely not. The Peruvian people may rest assured that the reserves are safely put away and that we have adopted the necessary measures to prevent any possible embargo by any country.

[Reporter] Why have only a portion of the gold reserves brought to the country?

[Figueroa] Practically all our gold was already here. Only a portion that had been purchased abroad was outside the country, but it is now being brought here. Therefore, there is no gold outside the country. We also have a selection of currencies that we use for our commercial transactions.

[Reporter] What amount of gold reserves do we already have here?

[Figueroa] Approximately $500 million. This is the value of the gold currently in the Central Bank vault.

[Reporter] What do you have to say about the article published by CARETAS magazine?

[Figueroa] Some of the CARETAS information is inaccurate, but I think that it is important for us to all be aware that the country has its reserves in order to prevent any reprisals that may be taken by another country. I believe that we Peruvians should be united at this very important moment. [end recording]

LUSINCHI SPEAKS ON FOREIGN DEBT REFINANCING, OIL

PA280224 Caracas Domestic Service in Spanish 2330 GMT 27 Feb 86

[Speech by President Jaime Lusinchi from the Ayacucho Hall of Miraflores Palace, Caracas -- live]

[Text] Ladies and gentlemen, Venezuelan people. In people's lives, there are unique moments when difficulties add up, one upon another, to form a knot, a tangle of adversity that appears to close or limit perspective. Yet, at the same time, and according to the challenge that they pose, these difficulties present the opportunity for an exercise of the imagination and a generous effort that end up disentangling the difficulty. This has happened since time immemorial and has been recorded in legends. Tonight, after careful consideration, I have convoked the country's people to tell them clearly, according to our opinion, what is going on and why. In addition, I will briefly outline my vision that the alternatives at our disposal to overcome the serious situation we are confronting are clear.

The current historical moment is marked by two unprecedented events in our national life. The weight of a huge foreign and domestic debt, which was contracted in the most irresponsible terms we have ever known, meets, and is intertwined with an unceasing uncertainty in the world oil market. The two events that form the current circumstances, are not the result of this government's actions. Despite this, they are not out of our concern and responsibility. The first one, the debt, was basically contracted during the former administration, which obtained $73 billion solely from oil revenues, between 1979 and 1983. Historically, this represents about $10 billion more than the amount obtained during the previous 20 years. Powered by foreign forces, out of our direct control, the price of the second critical factor, oil, is spiralling downward as never before. I repeat, the two events did not occur in our administration. Nevertheless, I was elected president of the republic to lead the country in both good times and bad times. I expected this to be so, as I repeatedly said during my electoral campaign. I said that I was aware of the challenge and that I accepted it. Today, I must reiterate my pledge to govern Venezuela with a vision of the future and to handle the circumstances, whatever they are, the oil, the debt, and also the rest. This is quite a demand. I ask Venezuelans to strengthen the trust that they granted me. Our way of thinking and our professional and political training enable us to remain calm in adversity.

Our people's qualities and the promising perspectives determined by our economic reality are a firm foundation for optimism. What counts is that we understand that, although our crisis is related to the economy, not all of it is economic, strictly speaking. It entails important political and social factors. We keep advancing with this criterion and we will continue to do so, convinced that our goal is to attain a qualitative change in Venezuela. Even more, this will be possible only with a collective effort. Yesterday, fully aware of what was at stake, my government proceeded to sign the contracts to refinance our foreign public debt. In this way, a grievous chapter in our national history comes to a close. I have closed this chapter of my duty as president, in the pressing exercise of my responsibility. We must admit that this is a heavy load imposed on us by those who, most of the time, got the country into debt for them to spend, without a healthy administration and without a thought for future generations. This load was also due to the irresponsibility of a few banks that lent money in a venturesome way.

To underline these assertions, it is enough to indicate that the obligations due during 1983 and 1984 reached the unbelievable amount of $16 billion. Had this amount been paid at maturity, all our foreign exchange revenues from the sale of oil for an entire year, or an amount similar to the country's yearly budget, would have had to have been disbursed.

At the beginning of my administration, the public foreign debt amounted to $29 billion; this is to say, a 150 percent increase over the 5 preceding years [as heard]. The country incurred so huge a debt and such a disorderly absurdity only to finance current, nonproductive expenses, to wipe out deficits of state enterprises and autonomous agencies, and, we must say, to feed the flight of capital, tolerated and sometimes encouraged by the government itself. Sometimes, not even the amount lent to the country arrived here, but remained abroad as guarantees. My government had to confront this situation with the earnestness that the grave commitments imposed on the republic demanded. Someone else, used to old customs, would have recommended evasive or distracting moves. Yet the situation had become aggravated to such an extent that not even they could have continued in their maneuvers. As a result, we resumed negotiations and concluded them yesterday, after an arduous and long effort. We succeeded in obtaining acceptable, worthy terms; and refinanced our obligations under terms better than those obtained by any other country so far. In this negotiation, references and alternatives have been established that permit important adjustments. We could not wait any longer. To postpone the signing of the documents would have meant to introduce a dangerous factor of internal insecurity and mistrust into our relations with the international financial community and other countries' governments with which we maintain trade relations vital for our economic development.

We have regularized our relations with the creditor banks based on an instrument which governs those relations on a long-term basis. We have reduced the interest rates based on a contractual agreement which is not subject to the free decision of the banks, as it was until now with deferments.

We have established a negotiation mechanism that is more orderly and secure in order to jointly deal with the financing institutions, which are thus placed on equal conditions regarding their contractual rights. By normalizing the situation, we prevented the risk of a judicial action against our country and we obtained the goodwill and support necessary for future renegotiations, which have occurred in other instances and which in our case are still more feasible because that is what the agreement specifically establishes.

To have not done this would have meant taking a serious economic, commercial, and political risk. We would have been bound to the deferments, which are so dependent on wills and circumstances, and, at the same time, when left in the hands of the creditors, potential mechanisms of pressure. It would have meant continuing with unsuitable interest rates.

If the original contracts had been kept, the clauses of arrears and failure to keep our commitments could have been applied to us, with the consequences and serious risks to our international assets. To have postponed or to have simply not signed would have probably led to the reconsideration of matters already resolved, such as the nature of relations with the IMF. We could not wait any longer because the damage to the country would have been worse than the hypothetical advantages, which have mostly been expressed in arguments and prejudices of a political nature, and not in economic facts.

The proper and correct thing to do was to sign, and we did so, assuming our historical responsibility. It was not a matter of imagined stubborness or ignorance resulting from a sense of self-sufficiency, nor of commitments incompatible with our rectitude and our duty to Venezuela.

We did this fully convinced that such a decision was in the best interest of the country, as affirmed in an act of solidarity that enobles and comforts, by the Democratic Action National Directorate -- my party and the people's party -- in a categorical communique.

Fellow citizens, I am convinced that the normalization of relations with our foreign creditors solves an important obstacle in the country's affairs and clears the way for economic recovery. I also know that the great and decisive majority of our people expected and trusted that this was going to be our decision in line with views concerning the nation's honor, in order to confirm the granting of more time in which we can develop by our own efforts, and to establish as the people's firm demand that irrational indebtedness cannot be permitted.

However, and as we expected, criticisms and observations have been made which we have been accepting with an open mind and due respect in order to use them in the immediate future, or to have them on hand if needed. There have also been diatribes and irresponsible and uncalled for actions and demonstrations, which I cannot overlook, without damaging my self-esteem and the dignity of the institutions. Therefore, I cannot avoid referring to the campaign orchestrated by a political group, by the traditionally frustrated individuals, who are trying to point out violations to the Constitution and even hinting at treason to the country in the signing of the refinancing agreements. Those acting in that manner show little respect for the value of words with which they offend the dignity of the post I hold by the people's will.

I would say with absolute propriety that they also show little respect for the people's opinion, who know very well the sequence of the actions completed today with the refinancing of the debt, which we inherited. Juggling and arguments of such a nature cannot erase the cause of the problems we are facing. Refinancing is not the problem; the problem is the debt with all its implications. Therefore, the insults they are shouting or transmitting through immature channels are turning on their authors as an infamous boomerang. I never thought we could arrive at such extremes of irresponsible and harmful disrespect for the institutions, and such a lack of republican nobleness.

That it why it is necessary now to review actions which have taken place recently, and to explain some measures taken by this government on behalf of the people. Let us go back to 1981, when the country was receiving the highest income in history from the sale of its oil; when for the same reason, we had accumulated the largest international reserves; and when the Mexican crisis had not yet taken place, which upset and frightened the international banking system. We were in the best conditions to refinance the huge debt we had already accumulated. Congress, where the Democratic Action Party had a responsible majority, saw it that way. The government in power at the time -- run by the present virulent critics -- was authorized by law to refinance the debt. We were in the best of conditions to do so, but they did not want to do it. There were manipulations and contradictions until the law expired and had to be renewed in 1983.

The irresponsible, erratic conduct persisted as a political practice until 2 February 1984, when, elected by the people, we inherited a foreign debt in the order of $29 billion; an enormous private foreign debt the amount of which was not even fully known. All this, added to a domestic debt of more than 85 billion bolivares and a deficit of more than 20 billion bolivares, represented the most terrible legacy that one government can flippantly pass to another. This has been, among the many other legacies, a heavy burden with which we must face the current challenging situation, conditioned by a chronically depressed economy and by an oil situation which was already hinting at the terrible consequences we are facing today.

At that time we did what he had vowed to do, and for which, among other things, we received a mandate that was almost a plebiscite. We began fully determined to end the long and complex process of renegotiating the terms of our foreign debt. In these difficult negotiations our country displayed its abilities, steadfastness, and unquestionable patriotism, speaking out firmly and bravely when we had to and developing arguments with a strength and force conditioned by intelligence and reason. The negotiations were complex because the spending spree made us acquire commitments with over 400 banks and over 600 of their agencies. Phases and terms [gradaciones] were complied with. And in each of these cases the same criteria of fully defending Venezuela's interests and sovereignty prevailed. Considering many of IMF formulas at odds with the country's development as we had planned it, we refused to submit to the dictates of the IMF with which the previous government had already begun negotiations.

We introduced the contingency clause, which gave an innovative tone to agreements of this nature, and which was based on the long standing principle of force majeure. We made it clear -- and this was accepted at the time of signing -- that our capacity to pay is closely linked to our oil revenues, and that we will adjust our conduct toward international banks based on the oil situation and outlook. Likewise, we clearly stated that Venezuela will honor its commitments so long as we determine that these were acquired in accordance to our laws, as Finance Minister Manuel Azpurua Arreaza noted during the signing ceremony, and also just as I said on 24 February 1984 when announcing a package of economic measures: Indebtedness often contracted outside the law, uncontrolled spending, and commitments made without regard for the budget will bring administrative and penal responsibilities which jurisdictional agencies will determine.

The Executive and the General Comptroller's Office fulfilled their inescapable duty by reporting the revenues the processing of data indicate. Justice must act with the zeal and efficiency which the law and the desire to establish the truth that the national public is demanding. Thus, the nation's interests were well guarded during the negotiations. And I can also now say the following with the solemnity of a commitment: I ask all persons, parties, and groups who have recently commented on alleged illegalities regarding some loans to submit to the General Comptroller's Office, as soon and as accurately as possible, information relating to the irregularities they have so openly denounced. The contribution asked of you is a patriotic obligation. In addition, it will give you the opportunity to show the public the seriousness of your comments.

Likewise, I announce to the country that soon, as soon as we receive more balanced information regarding the oil market, and view of the investigation we are conducting, we will apply the contingency clause to request a broad review of the terms agreed on and to adjust to new parameters in accordance with our true capacity to pay, the interests of our development and welfare as a people, and the dictates of a well understood international justice. We are then going to invoke that clause we are fully entitled to with all moral force. We are not deceiving anyone, and we had clearly warned our creditors. We will invoke the contingency clause because the contractural legal basis has been established, and additional documents have refined it. Before, we would have been held subject to the arbitration of lax and generalized interpretations. It is now legally, morally, and economically possible. We were lent money on the basis of our oil, and we will pay on the basis of our oil.

There are those who say -- some with goodwill, others not really -- that the worsening of the oil market situation justifies breaking up of negotiations with the international banks. We think exactly the opposite.

If these were times of an oil boom, renegotiations would not have been a big problem for Venezuela, as it apparently was not for some time, since the country had the resources which did not make the disarray of internal accounts troublesome. However, when fiscal revenues experience future limitations it then becomes necessary to have a very clear payment schedule, which must undergo revisions. For those having large banking accounts, having some sort of control over that account is of little importance. That is not so for those with limited or unstable resources.

These are the comments I wanted to make to Venezuelans tonight about the restructuring of our debt. To end, it should be clear that my government did not contract a single dollar of that debt. Let us close this chapter, and let us comment on the oil situation. I vowed to be the president of truth, and in compliance with that commitment I must tell the country about the true situation of the oil market. OPEC is experiencing a highly critical moment and to deny this is senseless. It is enough to say that between 1979 and 1984, in barely 5 years, worldwide oil consumption has dropped by over 5 million barrels a day. However, production by the OPEC members dropped by over 13 million barrels a day because a major part of its market was taken by producers which did not belong to the organization. This situation and outlook for each OPEC member was so grave that the group developed a policy of recovering its market which was impossible without a daring decision. Following the December meeting in Geneva, and in view of the reaction of some countries outside the OPEC, there has been an unprecedented reduction in oil prices.

Frankly speaking, that is the reason why the current situation is really uncertain in the short-run and in any case negative in regard to the security enjoyed until recently by the country in matters of petroleum revenues.

It is not possible to make responsible predictions due to the current market changes. Should this situation persist to be as it is today when I am speaking to you, the country's revenues in the form of foreign currency could drop by between $4 and 5 billion more than expected for this year. In the fact of this situation, the national government will sovereignly implement a contingency clause incorporated in foreign debt refinancing contracts. I have said and insisted: Nothing, no one will be capable of making us falter in our main objective to defend the perspectives of our development and the pressing needs of our people.

The draft laws presented before the U.S. Congress deserve special comments. We send 46 percent of our petroleum exports to that country. That country is contemplating the possibility of establishing a tax on imported petroleum. As pertains to Venezuela, such an imposition would constitue a disregard of our country as a secure and strategic supplier of petroleum, as our country has been throughout the entire history of its relations with the United States. The national government is diligently making the necessary efforts to defend the country's interests regarding this important issue.

According the president of Mexico, and as a result of a recent meeting in Cancun to analyze our common problem, a joint declaration was signed suggesting measures to tackle this problem at the international level. The two countries decided to promote an urgent meeting of the Cartagena Consensus untries this week in Punta del Este to discuss all aspects of the current situation. In that meeting, we will be united in seeking mechanisms allowing a significant reduction in interest rates and reasonable deadlines to pay the foreign debt as genuinely stable and realistic solutions.

Therefore, I reiterate the national government's short-term position. The oil market's situation is uncertain and thus, we cannot forecast its behavior in the current situation, but should the negative aspects of this situation persist, I commit myself to defend -- as the government has always done -- the interests of Venezeula and its people. This objective cannot vary and will not. However, in the face of this difficult short-term situation, about which I am telling the country, I must say that medium and long-term perspectives are encouraging. In fact, it happens that more than two-thirds of the world's petroleum reserves are in OPEC countries; they continue to develop and produce oil very economically. In addition, production in the main non-OPEC supply sources, excepting Mexico, are about to face a decline. They will require large investments to ensure that they will have a specific bearing in the petroleum outlook. Of course, those investments mainly depend on a level of prices ensuring their profitability. Therefore, we are convinced that in a short period of time, OPEC countries will regain a preponderant position within the world oil market.

Politics plays a major role in the current situation; it is the result of nearsightedness and the implementation of retaliatory measures with imperialistic inclination.

As for Venezuela, we have an experienced petroleum industry and a large and increasingly growing reserve of various kinds of crudes. We have a flexible production capability and a refining and transportation infrastructure that together allows us to optimize the value of hydrocarbons we export and adapt to the varying circumstances of the market.

In addition, in keeping with the development of a well-maintained policy, we have been gradually securing access to secure and profitable markets for Venezuelan petroleum via our participation in refining installations, transportation, and distribution in large foreign markets. There is no doubt that our economy is facing a crisis of serious proportions with the corresponding consequences on all aspects of national life. In the short-run, this crisis is characterized by an abrupt drop of petroleum prices; many aspects are out of our control.

The crisis basically reflects serious insufficiencies of an economic system based for a long time on an excessive dependence on imported goods and services to the detriment of our own efforts and self-support based on our many and varied national resources.

There should be no doubt then, that the crisis we are facing is a serious one. Venezuelans who are not yet aware of this reality must accept it. We must accept that our fiscal revenue this year due to decreases in petroleum revenues, should the current situation be maintained, will range between 18 and 24 billion bolivares. This represents approximately 10 percent of the consolidated public expenditure. In the face of this, as well as in the face of a decrease in revenues in the form of foreign currency, we must act at once. It is true that our policy of prudent administration will allow us throughout 1986 to use accumulated international reserves within acceptable limits.

Venezuela's international assets to date total more than $18 billion. In addition, in terms of bolivares, we have the cushion of the 1985 fiscal surplus from non-committed revenues resulting in increases in gasoline prices, savings in the payment of interests on the foreign debt, and a reduction in the amount to service the debt obtained thanks to an extension on 1985 and 1986 payments which amounts to approximately 18 billion bolivares.

All that this means is that we would be able to overcome the situation had it been limited to the current fiscal year. But we must adopt precautionary measures in view of the uncertainty of the oil market.

For this reason we have decided to make all the necessary adjustments immediately but without sacrificing the economic recovery process, without affecting the programs specifically aimed at reactivation, or the vital obligations of the state.

Venezuela has grown accustomed to sitting back and waiting for the government's spectacular actions to resolve all the problems. This is what someone called the theory of the great event. However, this has not been the style of our government efforts and it will not be our style today when the dimensions of the crisis demand, more than ever, a responsible, coherent, and moderate action on the part of the government; an action that will serve the country as an example and encouragement for its necessary efforts. This does not mean that my government's efforts lacked decision or were incompetent. Quite the contrary is demonstrated by the actions we have promoted. There are no fears or inhibitions, merely the exercise of healthy prudence in a country scalded by grandiloquence and improvised actions.

There will be no announcements of magic solutions in this speech. Perhaps the country had grown accustomed to them, but the sudden and magic solutions tend to portray a lack of a truly far-reaching policies and encouragement rather than the stroke of genius of the ruler. For this reason, instead of partial and spectacular measures, we have offered the country great lines of action that will serve to mark a realistic, steady, and permanent, social and economic development.

We have drafted and advanced in an economic strategy aimed at introducing qualitative changes in the structure of national production. An example of this is the significance advance achieved in the agricultural and industrial sectors. These sectors present a dynamism that differs from the stagnation experienced in recent years and establishes the basis for a sustained economic growth within a context of lower oil incomes.

As I announced in my last end-of-year message, we have concluded an important phase of administrative and financial revamping and organization within the country. This was a necessary step in view of the disorganization and damage we found when we took office.

In the area of austerity we have carried out an exemplary action. We adopted measures such as Decree 55 aimed at eliminating superfluous expenditures. This saved us approximately 3 billion bolivares. We froze new positions and eliminated unnecessary public offices and this also allowed us to save in the area of operating expenses. I wish to emphasize that because of the achievements made we are better prepared to confront the situation. This would not have been the case had we not carried out this phase firmly and with determination. I do not even want to think what would have happened to Venezuela had this current oil situation affected the country in 1983.

Likewise, my government has firmly undertaken the task for an overall economic reactivation of the country. It has done this through measures to carry out the necessary economic changes. We have been greatly successful in some areas, and this no one can deny. We also hope that the readjustments, initiatives, and corrections to be made will also guarantee a sound increase. With the resources Venezuela has today it can ensure its economic reactivation despite the ups and downs of the oil situation.

In this sense, I announce with responsibility that the 3-year plan and the additional investment plan will be implemented as planned. These plans will not only continue, but today, in view of the current situation, they must receive a greater and more enthusiastic support as well as stronger supervision. With these plans we aspire to strongly promote the aggregate demand and expand our domestic production to improve the levels of employment, productivity, and income.

However, I must warn all those who may attempt to increase or maintain their advantages at the cost of the welfare of the majority that we do not seek or want trust in exchange for privileges; we offer trust in exchange for justice. This is noble and patriotic and as a matter of fact, this is lasting and suitable.

Today, more than ever, the magnitude of the crisis calls for a strong support on the part of all the national sectors; workers, businessmen, professionals, parties, groups, communications media, universities, all united around a great national effort against the challenge. However, it must be made very clear, for the sake of basic justice, that those who have the most will have to give the most. This also involves giving up the idea of having much of the same and understanding that we are trying to achieve more by better using our available resources. This is the spirit behind the idea of social wages in the message in which we suggested improvements in the areas of health, food, education, and human advancement, as an indispensable complement of the worker's monetary wages.

We are experiencing a difficult moment in our history. New challenges are being added to those that called for all our creative efforts and actions. Today's situation put the Venezuelan spirit and determination to a test. Even though we have sought it, we do not actually control our main export product. However, with some imagination and courage we will be able to confront the adversity. Problems may challenge us, but they do not frighten us. The Venezuelan people have never carried fear in their saddlebags. We have faced many and great difficulties, however we shall overcome them if we join in the purpose to prevent the uncertain present from destroying our possible future.

As it is a task that cannot be postponed, the reactivation of the economy will have to overcome obstacles. We will make the necessary adjustments without increasing the burden on those who have little or nothing. The reorientation of national priorities will not be used as a trap to harm the most needy. The crisis can be overcome through the effort of all. Yet it must be solved without aggravating inequalities. This is a time for commitments and an appeal for greatness. More than seeking legal profit, the private enterprise businessmen should put their capital and efforts at the service of the recovery of national production. With their generous effort, workers must continue to work for a better homeland. Professionals and technicians should contribute the light of their science and training. Without hurrying to express particular stances in times of national emergency as these, the parties are hereby called upon to leave aside the demonization of the political struggle and seek a consensus without trying, mind you, to distort the people's mandate. The entire people, our people, who have never glorified fear, will be the great actor and my government's great ally in getting out of the worrisome situation that we now confront. On behalf of this government, I now request the sectors' and individuals' contribution.

Fellow Venezuelans, we live in a difficult time, yet we are not on the verge of the deluge. By telling the truth, we awaken an awareness of what is to be done, the sacrifices that have to be made as a function of justice and the future, and the serene hope that will never be based on dismay.

Great crises demand great efforts and only such efforts ennoble peoples and make them grow. Our people have confronted greater challenges during their past history. To extoll this, we would only have to mention the independence and the federal war. Let's also mention the cost and the efforts required to take the first steps in this democratic stage. I am sure that Venezuela, as always, will also do so now to triumph. I am fully aware of the historical responsibility involved in leading a country under the current circumstances.

I assume this responsibility, not with the immature stance that some have displayed, but in all calm, rationally fostering effective actions that enable us to face our crisis. For this lofty task, I request the constructive effort of all Venezeulans. I have said my truth. I do not conceal anything that the people should know. I will always be subjected to their verdict. I have said nothing other than what the people expect to learn. The clarity of my words reflects the difficulties that we have been encountering, the obstacles that we have met, the hypocritical distortions, the unrest that tempers and strengthens our spirit. Let the spirit of the Liberator illumine us, lead us, and make demands upon us. Good night. [applause]

MORE ON DEBT CONTRACT SIGNING IN NEW YORK

PA272248 Caracas Television Service in Spanish 0000 GMT 27 Feb 86

[Excerpt] Today Venezeula signed a $21 billion agreement with international banks to refinance its public foreign debt. Finance Minister Maneul Azpurua said that Venezeula will fulfill its international commitments without sacrificing the Venezuelan people's needs or the country's development.

Carlos Fernandez, our special correspondent in New York, has the details of this event, which demonstrates the country's desire to fulfill its commitments.

[Begin recording] [Fernandez] This morning at the Federal Reserve Bank in New York, Finance Minister Manuel Azpurua on behalf of Venezuela corrected an abnormal situation. In the company of Benito Raul Lozada, president of the Venezeulan Central Bank, and other national government representatives, among them several presidents of autonomous institutes and state organizations, Azpurua signed contracts to restructure our foreign debt which, during this first phase of renegotiation, is established at $21 billion.

The process has been lengthy, lasting 3 years; at times there was optimism but also dissatisfaction. At times there were signs of progress but from time to time the process came to a halt. Nevertheless, after a long talk an agreement was made. Venezuela clearly established its possibilities, always depending on its oil potential. The international crediting banks, after hesitating, understood the situation; there was no other alternative, and this is why today at the Federal Reserve Bank in New York an agreement was signed and Venezeula's willingness to fulfill its international financial commitments was accepted. Thirteen international bank representatives were present forming the advisory committee, also Gerald Corrigan, president of the Federal Reserve Bank in New York, and (?Williard) Butcher, spokesman for the creditors on this occasion. Both of them acknowledged the significance of the event and stated this during their speeches.

Their words, more than formal expressions, reflected confidence in that Venezuela will comply with payment of its debt despite the difficulties it is having with the oil market. Nevertheless, in Finance Minister Azpurua's speech prior to signing the contracts, he clearly stated our country's conditions.

[Azpurua] The government's immediate priority, despite problems associated with a drop in oil prices, is to achieve economic growth to ensure stable sources of jobs for the workers and improved living standards for the people. Without economic growth the agreements resulting fromthe debt negotiations will surely fail. Therefore, any restructuring agreement must allow economic expansion. We need to grow upon the basis of our internal resources, and to attract a new flow of foreign investments within the next few years. [end recording]

DE LA MADRID DEFENDS LAND OWNERSHIP POLICY

PA280103 Mexico City XHDF Television Network in Spanish 1955 GMT 27 Feb 86

[Text] President Miguel de la Madrid stated today that the Mexican political system is not worn out and that the Mexican revolution is still valid. He urged the National Peasant Confederation, CNC, to defend the current forms of land ownership through a great mobilization toward production, far removed from strident speeches and opposition. This morning the president presided over a working meeting of the CNC Executive Committee, during which the peasants' needs, problems, and shortages were outlined for him. De la Madrid said during the meeting that commons, small land holdings, and communities are forms of land ownership created by the revolution and that those who propose the elimination of these are mistaken. He also said that it is not the land ownership system that is at fault but that excesses, outrages, and even demagoguery have prevented the achievement of the best results in land production.

The president admitted that the land has been split into too many tracts in the country and added that this problem can be overcome through the organization of producers. For this reason he urged the CNC to carry out a great mobilization throughout the country in favor of production. In turn, Eduardo Pesqueira Olea, secretary for agriculture and water resources, announced that the federal government will implement a motivational system for agriculture and livestock production during the next spring-summer season. He said that the government has given this priority status. Twenty-one speakers participated in the CNC meeting.

PERMANENT COMMITTEE ENDORSES ECONOMIC POLICY

PA262326 Mexico City XHDF Television Network in Spanish 1955 GMT 26 Feb 86

[Text] The congressional Permanent Committee, with the consensus of the nine political parties represented, has stated its support for President Miguel de la Madrid's message regarding the country's economic situation. A document read by Deputy Nicolas Reines Perez (?Alucen) explained that Mexico will not commit the serious irresponsibility of continuing to pay interest on its foreign debt, which would lead to extremely great sacrifices in any society in the world.

The legislators from the nine political parties believe that in order to face and solve our economic situation we do not need one man or one government, but the entire nation's unity. The Permanent Committee said that no person or nation is obliged to do the impossible and that the rules of international law and the practice of fair relations among countries should be unquestionably respected.

The legislators spoke in favor of seeking a national consensus that will allow Mexicans to face the crisis and defend national sovereignty from external pressures that could hinder our autonomy and decision-making capabilities. At this time the legislators from the nine political parties are returning to Congress to discuss the support document.

Martin Tavira Urriostegui and Jorge Alcocer Villanueva of the PPS [Popular Socialist Party] and the PSUM [Unified Socialist Party of Mexico], respectively, said the president's speech was realistic.

CUBAN AMBASSADOR SUPPORTS ECONOMIC MEASURES

FL250355 Mexico City NOTIMEX in Spanish 0055 GMT 25 Feb 86

[Text] Mexico City, 24 Feb (NOTIMEX) -- Cuban Ambassador to Mexico Jose Fernandez de Cossio has asserted that the Cuban Government supports the measures Mexico has taken to confront the economic crisis. During an interview held at Mexico City's airport, where Fernandez de Cossio saw off the Cuban construction minister, he said Cuba would support a possible moratorium declaration because at this time the foreign debt is unpayable.

Referring to Mexican President Miguel de la Madrid's message, delivered last Friday, he said that action guidelines set for Mexico during the president's speech will affect the decisions made at the Cartagena Consensus meeting next week. Fernandez de Cossio said that it is at the Cartagena Consensus where progress is being made in defining Latin America's common elements. This is necessary in order to establish a political dialogue between debt and creditors in finding solutions to Latin America's foreign debt.

PERUVIAN MINISTER ON 'FINANCIAL IMPERIALISM'

FL271316 Mexico City NOTIMEX in Spanish 0450 GMT 27 Feb 86

[Text] Mexico City, 25 Feb (NOTIMEX) -- Peruvian Interior Minister Abel Salinas Izaguirre, who arrived tonight in Mexico City for a private visit, said: During these critical moments, the main necessity is to satisfy the needs of the Latin American people and then those of the countries who have benefited from our natural resources. Nevertheless, he said, to reach this goal Latin America should act jointly to create better conditions and have an advantage in negotiations with those who are try ing to oppress us with the new financial imperialism.

To solve the foreign debt problem, Salinas Izaguirre said, his government adopted the economic measure of pledging only 10 percent of Peru's exports to satisfy its foreign debt commitments. The Peruvian official said Alan Garcia's government is sympathetic to the position Mexico will soon adopt to meet its international financial commitments.

Finally, Salinas Izaguirre said that in his opinion the word "debtor" should not be used but that these countries should be referred to as those who share the problems of financial imperialism.

GOVERNMENT MINISTER DISAPPROVES U.S. ENVOY'S REMARKS

PA260438 Panama City Televisora Nacional in Spanish 0000 GMT 26 Feb 86

[Text] Rodolfo Chiari de Leon, government and justice minister, has voiced his disapproval of the statements made by the U.S. ambassador-designate to our country.

[Begin Chiari recording] Look, sincerely speaking, as Panamanians we cannot agree with them. We feel we are the ones who should decide the fate of Panama, of our country. At no time should we accept opinions on what we should do from future diplomats who have been appointed but have not yet assumed their positions in Panama. [end recording]

ARCHBISHOP REFUTES HAVANA REPORT ON CONTRA AID

PA250407 Panama City Televisora Nacional in Spanish 0000 GMT 25 Feb 86

[Text] The archbishop of Panama has quickly clarified as false that while in Havana he stated his disagreement with economic aid given to the Nicaraguans who fight against the Sandinist regime. In a communique issued by the curia, Monsignor McGrath indicated that he abstained from commenting when he was asked about the issue.

PAPO REJECTS SOUTHERN COMMAND 'INTERFERENCE'

PA272317 Panama City LA PRENSA in Spanish 27 Feb 86 p 31 A

[Communique issued by Popular Action Party; no place or date given]

[Text] The Popular Action Party (PAPO) makes known to the public its total and absolute rejection of the interference in our country's internal affairs by the U.S. Army Southern Command, by demanding a report on the overthrow of Nicolas Ardito Barletta from the commander of the Defense Forces. We also protest the memorandum sent by Defense Forces Commander Manual Antonio Noriega to General John Galvin, giving him the requested informationon that overthrow, which palpably shows the submissiveness into which the military forces now ruling in Panama have fallen.

PAPO equally rejects the false charges made in the memorandum accusing us of being promocers of a nationwide sedition. The charges are subsequently all linked to the ill-famed operation which the intelligence services of the U.S. Army and the National Guard carried out against PAPO Deputy Secretary General Jose Alberto de la Guardia.

National Executive Committee

UNION PROTESTS U.S. DENIAL OF LABOR JURISDICTION

PA262358 Panama City STAR AND HERALD in English 26 Feb 86 p B-6

[Text] The following is a protest over denial of Panama's labor jurisdiction in Canal Area institutions, made by Local 907, Afscme [American Federation of State, County, and Municipal Employees], which previously sought representation of employees working in at least one such Canal area agency.

Following is the union's article of protest:

Panamanian authorities expressed surprise because the United States Government, through the Armed Forces stationed in the Canal Area, has just reiterated its view that the Ministry of Labor and Social Welfare does not have jurisdiction over certain enterprises established in that sector, even though the provisions to that effect are very clear, as Minister Jorge Abadia Arias, recently expressed in a letter of response to the secretary general of local 907, Antonio L. Reina W., when he made the corresponding consultation.

The refusal of a right which favors the Panamanian workers who render services in a credit union which operates in the Canal Area, a right which is established in the Torrijos-Carter Treaty, is not reaffirmed by Captain Enrique Rodriguez, of the U.S. Army, acting in representation of the Sub-Committee of Judicial and Administrative Affairs of the Panamanian-North American Joint Committee, in a letter sent to his Panamanian homologous, Lic. Carlos Gonzalez, Panamanian counterpart.

In the letter which, according to the union leadership of Local 907, constitutes a new mockery to what was agreed upon in the Torrijos-Carter Treaty, the North American official says literally that the Ministry of Labor and Social Welfare, does not have jurisdiction over credit unions located on the Defense sites.

In response to the citation prompted by Local 907, in their interest to defend the Panamanian workers, the mentioned captain of the North American Army sustained emphatically that there will be no representation on the part of the Air Defense Federal Credit Union before the Ministry of Labor, in response to the citation mentioned. The obligatory opinion of the ministry of labor and social welfare, Lic. Jorge Lee, is expected.

Previously in relation to this case, Foreign Minister Dr. Jorge Abadia Arias, made known that Panama rejected this theory, emphasizing to the leader of local 907, that every contractor of the North American Armed Forces in Panamanian territory, as is the case of the Air Defense Federal Credit Union Panama, is subject to the laws and regulations of the Republic of Panama, as is indicated in Article XII, Numeral 2 of the Agreement for the Execution of Article IV of the Panama Canal Treaty.

The same theory was urged last year by Lt Col Bernardo Barrera, in his position as co-chairman of the joint committee representing Panama, by indicating in a letter dated 26 August 1985, addressed to the North American counterpart, represented by Colonel Patrick H. Corbett, that the Panamanian labor legislation is solely applicable in the case that affects the workers of the mentioned cooperative enterprise which operates in the Canal Area.

COSTA RICA

PRESIDENT-ELECT ARIAS ANNOUNCES CABINET

PA271814 Panama City ACAN in Spanish 1801 GMT 27 Feb 86

[Text] San Jose, 27 Feb (ACAN-EFE) -- Costa Rican President-elect Oscar Arias Sanchez today appointed his cabinet for his 4-year term that begins on 8 May. Arias Sanchez, of the ruling National Liberation Party, won the Presidency in the 2 February elections. The cabinet of the new Costa Rican president, which was announced in a news conference today, is as follows:

Foreign minister	Rodrigo Madrigal Nieto
Public security minister	Hernan Garron Salazar
Government minister	Guido Fernandez Saborio
Justice minister	Luis Paulino Mora
Agriculture and livestock minister	Alberto Esquivel Volio
Presidency minister	Rodrigo Arias Sanchez
Finance minister	Fernando Naranjo
Health minister	Edgar Mohs
Planning minister	Otton Solis
Cultural and sports minister	Carlos Francisco Echeverria
Education minister	Francisco Pacheco
Housing minister	Fernando Zumbado
Transportation minister	Guillermo Constenla
Industry, energy, and mines minister	Calixto Chaves
Economy minister	Luis Diego Escalante
Labor minister	Edwin Leon
Foreign trade minister	Muni Figueres
Presidential adviser	Danilo Jimenez Veiga

EL SALVADOR

REBELS ATTACK ZACATECOLUCA, POWER REPORTED OUT

PA280422 Paris AFP in Spanish 0402 GMT 28 Feb 86

[Text] San Salvador, 27 Feb (AFP) -- A large group of guerrillas attacked the city of Zacatecoluca, 56 km east of San Salvador, this evening. Police sources reported that the rebels entered this city of 33,000 inhabitants from various points and that from the time of the attack the city has been without means of communication and power. According to unofficial sources, the fighting began at approximately 2000, when some 400 rebels attacked the city, and soldiers of the Armed Forces Engineers' Training Center located in this capital city of La Paz Department responded.

Meanwhile, no official reports regarding the fighting have been issued. According to civilian reports, 1 and 1/2 hours after the initial attack the fighting continued. The same civilian reports stated that the Air Force has bombed areas surrounding the city of Zacatecoluca.

GUERRILLAS BURN 35,000 QUINTALS OF COTTON

PA242317 San Salvador Radio Cadena Sonora in Spanish 1700 GMT 24 Feb 86

[By Arturo Velasquez]

[Text] We have been informed that at exactly 0300 today members of the FMLN arrived at the Salvadoran La Carrera Cotton Cooperative, at the turnoff to Hacienda La Carrera, and clashed with the troops guarding this installation and proceeded to burn it. They burned 5 warehouses storing 7,000 bales of cotton. These 7,000 bales of cotton weighted 35,000 quintals and were packed and ready for export. This 35,000 quintals of cotton, multiplied by its price in colones, represents a loss of more than 1 million colones. I repeat: This happened this morning at the Salvadoran La Carrera Cotton Cooperative at the Hacienda La Carrera turnoff, when members of the FMLN burned 7,000 bales of cotton. According to the information we have, the fire is still burning; however, the San Miguel Fire Department has it under control.

Likewise, representatives of (?TAFS) and (?ALAS), the two airtaxis that fly between San Salvador and Usulutan and service the cooperative's landing strip, said they have temporarily suspended flights because there are indications that the landing strip has been mined. Personnel of the 6th Infantry Brigade are inspecting the area and deactivating the mines that were left on the cotton cooperative's landing strip.

The capital city of this department has been without power since approximately 0330 this morning due to the attack. According to the information we have received from personnel at that office, the attack occurred at approximately 0300, and the power was suspended approximately an hour later.

Venceremos on Action

PA251827 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 25 Feb 86

[War Bulletin, no date given -- read by announcer]

[Excerpts] At 0100 today, 24 February, joint forces of the Rafael Arce Zablah Brigade and of the Commander Felipe Pena Mendoza Battalion groups carried out the "Death to the Duarte Packaged Swindle, Long Live the Workers' Struggle Operation," which comprised an attack on and occupation of the installations of the El Martillo cotton cooperative in Usulutan Department. This cooperative is the most important one of the two that are processing and storing most of the cotton produced in the eastern part of the country. The El Martillo cooperative was being guarded by two companies of the National Police and Marines.

According to a preliminary report, we inflicted 60 casualties, including dead and wounded, on the National Police and the Marine battalion. We also seized weapons, backpacks, ammunition, and other war materiel.

A total of six warehouses filled with cotton ready for export -- approximately 40,000 quintals -- were destroyed during the sabotage operation. The results of this operation reaffirm the FMLN's capability to carry out strategic operations in vital areas and prove once again that the enemy's counterinsurgency plan is useless and has been defeated.

The El Martillo cooperative is one of the economic targets of the eastern area in which the enemy had strengthened security to try to prevent our forces from sabotaging the recent harvest.

FMLN REPORTS ENEMY CASUALTIES IN GUAZAPA

PA260430 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 2300 GMT 25 Feb 86

[War bulletin issued by the Modesto Ramirez Central Front Joint Command on Guazapa Hill; date not given -- read by announcer]

[Text] On the invincible and heroic Guazapa Hill, "Operaton Phoenix" is burning in its own ashes. FMLN guerrilla units and members of the Rafael Aguinada Carranza Battalion and the Jacobo Campos Valle Column have inflicted 28 casualties on the demoralized troops of the 1st Infantry Brigade commanded by Colonel Leopoldo Hernandez. These casualties were inflicted between 19 and 24 February.

Between 19 and 22 February these puppet troops suffered 12 casualties from exploding mines. On Sunday, 23 February, a 1st Infantry Brigade column on its way to relieve the troops in El Saltire was ambushed by our guerrilla units. Panic broke out among the members of the enemy column despite support sent by General Bustillo. An A-2 push-and-pull [in English] plane, a helicopter gunship, and a rocket-launching helicopter came to their aid. Our guerrilla units inflicted nine casualties with rifle fire in the fight with this column, which was on its way to relieve 1st Infantry Brigade troops in El Salitre. Among the casualties were a sergeant and a medic. On that same day troops of the demoralized Army walked into a minefield in the same area of El Salitre.

On 24 February the upppet Army's General Staff had to add another casualty to their long list. This casualty was inflicted during a clash with our guerrilla forces. This clash occurred on Guazapa Hill.

Invincible Guazapa is an arrow piercing the heart of the enemy. Blandon's troops continue to be defeated every day. Guazapa fights and wins!

[Signed] Modesto Ramirez Central Front Joint Command, Guazapa area

GUAZAPA AREA REFUGEES OCCUPY CHURCH, MAKE DEMANDS

PA251814 (Clandestine) Radio Venceremos in Spanish to El Salvador 000) GMT 25 Feb 86

[Communique issued by Guazapa refugees in El Carrizal Church in Chalatenango; no date given -- read by announcer]

[Text] I. We are 173 persons -- men, women, children, and elders -- all residents of the following cantons: El Zapote, Mirandilla, Corozal, Las Penas, (Plan de Consolacion), Las Cajas, and Las Delicias of Suchitoto jurisdiction. We arrived at El Carrizal after over 1 month of persecution by the Armed Forces who are carrying out "Operation Phoenix" on Guazapa Hill. In order to reach El Carrizal we had to cross [word indistinct] and Army ambushes and evade the Navy troops who were impeding our crossing the (Titiplan) Lake. We have also endured hunger, [word indistinct], and disease. We arrived in this area of Chalatenango and decided to occupy peacefully the El Carrizal Church.

2. By occupying El Carrizal Church we are trying to bring international attention to the unjust situation we are enduring, and we are seeking support for our just demands. When "Operation Phoenix" began, our housing area was the target of massive bombings and machinegun fire for 7 straight hours. Six A-37 planes, nine helicopters, one AC-47 plane, and one O-2 push-and-pull [in English] small plane participated in this attack. Ground forces later began to comb our cantons repeatedly. Some of us managed to escape, but hundreds were captured. Ten persons were murdered in Mirandilla, El Chaparral, (Plan de Consolacion), and Las Delicias. At least five persons were wounded, and two young women were raped during 3 days in Mirandilla. As if this were not enough, our homes were burned. Our crops and food were also mercilessly destroyed. The only thing we were able to save during this devastating operation was our own lives and the clothing we were wearing.

3. During the 6 days we have been in El Carrizal, we have received the solidarity of various humanitarian and religious organizations, as well as from the people in general. The International Red Cross registered our names, gave us first aid, and offered to transfer us to shelters in San Salvador. A representative of our archbishop, Msgr Arturo Rivera y Damas, consoled us and gave us material help. A delegation from the Legal Aid Office of the archbishop's office took down our names and testimony and also offered us asylum in its shelters. Meanwhile, a delegation from International Medical Aid, AMI, treated our wounds. A delegation of U.S. churches and groups of peace and justice from San Francisco also gathered our testimony and offered slidary support. The people of El Carrizal have given us food and are also accompanying us in solidarity. We sent a press communique to some representatives who were later arrested on 18 February on the Colima Bridge, and thus (?they) could not get near to us.

We wish to state the following:

A) We are unarmed civilians who are being denied the right to live that every human being and Salvadoran citizen is entitled to;

B) We have been expelled from our lands and forced to wander and seek refuge; and

C) We have the support of the resolution adopted on 30 August 1985 on the prevention of discrimination and protection of minorities by the subcommittee on human rights of the United Nations, which stipulates that according to the Geneva Agreements, so long as they do not participate directly in combat, and although they may sympathize with, accompany, supply food, and live in areas controlled by the insurgents, the so-called (?masses) still maintain their status as civilians and therefore should not be the target of military attacks or any forced evictions by government forces.

4. The occupation of the church in El Carrizal was and is being carried out a peacefully. We have no arms, and we are only making use of the human right to demand justice.

5. If we have not accepted being transferred to shelters it is because this is a struggle for our just rights, and we will accept being transferred to shelters only if we are not forced to do so. We do not want to live off charity while, in the name of the fatherland, our lands are devastated.

6. Due to all the above, we demand:

A) To return legally and with guarantees to our land or at least to be allowed to settle in Aguacayo Canton and its surrounding area;

B) that the Armed Forces put an end to indiscriminate bombings and operations to devastate the land in these areas;

C) that all the civilians from Guazapa who were captured and locked in shelters be allowed to return to their land;

D) that the nine civilians of Guazapa who are imprisoned be released and be allowed to return to their land; and

E) that the Catholic Church and international organizations safeguard the enforcement of our demands.

HONDURAS

CONGRESS PROBING U.S. 'CHEMICAL WEAPONS' USE

PA271632 San Pedro Sula TIEMPO in Spanish 26 Feb 86 p 5

[Excerpt] Tegucigalpa -- The National Congress will investigate charges that the United States is using Honduran territory to experiment with chemical weapons, it was announced last night.

A majority of deputies approved a motion presented by Azconist Deputy Juan Antonio Martinez calling for an investigation. In explaining the reasons for his motion, Martinez said: "The media have been denouncing the fact that unidentified planes -- presumably planes either operating from U.S. bases in our country or assigned to joint military exercises -- have spread or dumped toxic substances over a large area that comprises several villages of Villanueva, in Cortes Department, and several others in Santa Barbara Department."

Martinez backed up his motion with the testimony of a peasant whose picture, showing his lacerated back, was published in newspapers. The condition of his back "is due to purulent sores allegedly produced by toxic substances dumped like chemical rain from black-painted planes."

LOPEZ REYES REQUESTS MILITARY RETIREMENT

PA271613 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 27 Feb 86

[Letter from General Walter Lopez Reyes, former commander in chief of the Honduran Armed Forces, to President Jose Azcona; dated 19 February -- read by announcer]

[Text] Your Excellency, constitutional president of the Republic and commanding general of the Armed Forces, Engineer Jose Simon Azcona Hoyo

Presidential House

Mr Commanding General: With the subordination and respect that your high post deserves, I hereby present my request for retirement as an officer of the Honduran Armed Forces, effective this date. I make this request on the basis of the law establishing the Armed Forces, Section 7 of the roster and situation of officers, Article 220, Paragraph A, Article 221, Paragraph C of Chapter 1, and the existing personnel law.

I believe I must state that during my tenure as a member of the Armed Forces I have placed in their service and my homeland all my will and efforts, always with the firm determination to defend the national sovereignty and integrity. I have served my people with honor and sincere devotion, and in all the posts entrusted to me I have demonstrated the ethical and moral principles instilled in me when I entered the Honduran Air Force. I also applied the Christian principles and the honesty that I learned from my parents.

I want only to ask God to guide you in your high responsibilities and to express my best wishes so that the democratic system and its institutions will continue to be improved for the well-being of the Honduran people. I reiterate my subordination to and respect for your excellency, constitutional president and commanding general of the Honduran Armed Forces, and I ask that this request undergo the appropriate legal formalities so that it can be definitely resolved.

Loyalty, honor, sacrifice

[signed] Brigadier General Walter Lopez Reyes

NICARAGUA

ORTEGA SENDS MESSAGE TO GORBACHEV, CPSU CONGRESS

PA280245 Managua Radio Sandino in Spanish 0000 GMT 28 Feb 86

[Text] The FSLN and the Nicaraguan Government and people today greeted the 27th CPSU Congress. The Nicaraguan revolutionary government states in a message its certainty that the USSR will know how to prevail over the policies that threaten to destroy all of humanity. The message, signed by the Nicaraguan President Commander of the Revolution Daniel Ortega Saavedra, was addressed to top Soviet leader Mikhail Gorbachev.

HUMBERTO ORTEGA SPEAKS ON ANNIVERSARY OF MPS

PA271455 Managua Domestic Service in Spanish 0250 GMT 27 Feb 86

[Speech by Defense Minister Commander of the Revolution Humberto Ortega Saavedra, at a ceremony commemorating the sixth anniversary of the Sandinist People's Militias, MPS, and the eighth anniversary of the death of Commander Camilo Ortega Saavedra in Masaya -- live or recorded]

[Excerpts] Companero Sergio Ramirez, vice president of Nicaragua; companeros of our government; chiefs of our Army and the Interior Ministry; companeros of our political and mass organizations of the 4th Region; dear mothers of our heroes and martyrs; companeros special guests, brother soldiers:

This significant ceremony we are holding in this heroic land, in this beautiful and historical location of Masaya, is the ceremony in which our people are celebrating the sixth anniversary of the formal and institutional creation of our sacrificing and heroic MPS, the day of the militiamen, the day of the MPS. Today in this event our Army is presenting new units to the revolution. They are comprised of four reserve battalions which today received their sacred banners of combat, and the company of border militias of the south, which are also forming part of this ceremony.

We are holding this ceremony in a difficult moments for our country, difficult due to the erratic, adventurous, and state terrorism policy that the current U.S. Administration, headed by Reagan, has been bent on continuing against our people, against our country, against Sandino's homeland.

There is much to be done to win the great battle against the poverty that we inherited. We are aware of this. The imperialist enemy, the current Reagan administration, is determined to maintain the cruel and unjust war against our country in order to, among other things, worsen the difficult battle to overcome the past of poverty and build the new Sandinist society which, despite everything, we are building. Reagan's war seeks futilely to take away the rifles from these workers, craftsmen, youths, and peasants of Jinotepe, Rivas, Masaya, and Granada so that the power can be snatched from the people. At the same time, to whom do the lackeys of Reagan's policy who still have some space in this process of the people want to return the power? To the Robelos. They want the land of a man named Bolanos that was given to the peasants who needed it, to be returned to that Bolanos. But there is something important. Our people have been carrying out their revolutionary agrarian reform to help the poor peasants and thus help solve the entire country's economic problems.

On 19 July 1979 there was a great agrarian reform. That is what Reagan wants to do away with. On 19 July the Sandinist people, the workers, peasants, craftsmen, professionals, youths, women, children, and elderly people recovered for Nicaragua 130,000 square km that were in the hands of U.S. imperialism through its Somozist overseers and its bourgeois and sell-out overseers who today want to return that land to U.S. imperialism. Our people will not permit this. [applause]

At this time and despite the obvious failures and defeats of the U.S. Administration's mercenary plan, President Ronald Reagan hopes in vain to inject the mercenaries with millions. He speaks of $100 million in urgent aid to try to save from total defeat the mercenary forces of his erratic policy.

Do you companero workers and soldiers think that the lackeys and mercenaries of imperialism can be saved from the total defeat that we are inflicting on them? We have to tell Mr Reagan that the soldiers of the homeland are not afraid of those mercenaries. We did not fear them in the past when he began his adventurous policy with the mercenaries. We will not fear them in the time that it will take us to totally defeat them, just as we will not fear $100, $200, $300, $400, or $500 million that Reagan might want to give to his mercenaries, because this will be $300, $400 or $500 million that will be definitely lost, that will be lost on the way, that will even be left in their bases in Honduras, because those mercenaries are right now showing that they do not even have the capacity to manage that money.

We have to tell Reagan that we are not afraid of the millions of dollars that he has sent through other means to his mercenary forces, especially those operating from Honduras. We also have to remind Reagan in this historic square and on this day of the heroic militias that our militias, our soldiers, our reservists, our permanent troops, our Battalions for Unconventional Warfare, [BLI] all our people are unafraid of his Marines if, due to the failure of the contras, he decides to send them to Nicaragua. We will also defeat them, just as we are defeating their mercenary forces. [applause]

Reagan should know once and for all that he will get nowhere with threats and blackmail. Reagan and his advisers should know and understand that the Latin American peoples with threats, with blackmail, with vulgar and indecent pressure.... [changes thought] The United States is not going to continue its policy of defeat. Above all, we have to reaffirm to the warmongers of the U.S. Administration that our people are intelligent and generous people with whom one can decently and honorably discuss political problems. However, we Nicaraguans cannot be threatened or blackmailed, much less forced to kneel before anyone, especially the North Americans, who are the main culprits of the bloodshed in Nicaragua since the last century which has resulted in more than 100,000 victims, deaths, in a small country, just because we have tried to be independent and dignified.

We do not kneel before anyone. Reagan should know that if we kneel before the Yankee invaders it will be to aim with these rifles, and it will be to defeat them, as in the past Andres Castro defeated William Walker.

So long as there is no negotiated, honorable, and just solution; so long as Reagan continues to turn his back on the Latin American peoples; so long as Reagan continues to turn his back on the good Contradora's efforts; so long as Reagan continues to turn his back on the efforts of the Latin American governments and peoples represented in the Contadora Group and its Support Group; so long as Reagan continues to give gunpowder to the mercenaries so that they can continue to murder our workers in the border regions and in the woodlands; what can the honest Nicaraguans -- the workers, the craftsmen, and the peasants -- do but continue to strengthen the tasks of defense and the military organization of the people?

On this sixth anniversary of the MPS we have to reaffirm the tasks of the coming months, which consist of continuing to strengthen engineering work, military preparation, and military organization of the people to turn each city of Nicaragua's Pacific coast, each corner of Nicaragua, each house of Nicaragua into a true bastion, a real trench that the adventurers of imperialism will come up against if they dare to attack our homeland.

It is true that we are experiencing a cruel war that has caused thousands of deaths, that has led to thousands of orphans and widows. Although it is true that we have suffering, it is also true that there is a revolution here. It is also true that Latin America has a location that is named Nicaragua. There are 3 million Nicaraguans ready to represent with their heads held high the dignity of Latin America and not to surrender. It is also true that despite material difficulties, this revolution is advancing in health, education, agrarian reform, and security for our people. It is true that what we, the Nicaraguan people, have done so far is not yet what we dreamed about and what our children will surely have in the future. Our generation is a generation of sacrifice. It is a generation for the future.

But our generation, brother soldiers, is responsible for making a reality the dreams of those who yesterday shed their blood in this land. They made it possible for these thousands of men standing in front of the altar of the homeland and the revolution to turn into a reality their ideas for the future. Not everything is sadness and grief in this revolution. This revolution also sings. It also lives. This revolution also enjoys its process. Despite the difficulties, it lives, relaxes, and rests. This is important, and this is what bothers Reagan and his spokesmen in Nicaragua. Therefore, despite this cruel war, we are optimistic; we are winning; we are on the right path. Today we are stronger than yesterday; today our people are not the people who had .38 caliber revolvers and pistols, as the FSLN had in the early years; today we are united with the people, with more and better organization, with more and better morale, with more and better weapons.

To conclude, companeros, today we reaffirm before our people, and our people reaffirm before imperialism, that our decision is not to be blackmailed, not to surrender in any way, to continue fighting until we totally crush the mercenaries, to continue to prepare to repel and defeat even the intervention of its hateful Marines. Today, companeros, let us more firmly and more enthusiastically shout: Long live the heroic insurrection of Masaya! [crowd shouts: "Viva!] Long live the heroes and martyrs who fell in that action! [crowd shouts: "Viva!"] Down with imperialism! [crowd shouts: "Down!"] Long live the heroic people of Sandino! [Crowd shouts: "Viva!"] Companeros, let us now march to pay tribute to the companeros who fell here 8 years ago, showing ronald Reagan that we victorious people do not sell out or surrender. Free fatherland [crowd shouts: "Or death!"]

RADIO SANDINO NOTES U.S. NAVAL MANEUVERS

PA261920 Managua Radio Sandino in Spanish 1200 GMT 26 Feb 86

[Text] The United States is preparing to engage in large-scale military maneuvers in Honduran territory, while battleships today begin maneuvers opposite our coasts, Pentagon sources have reported. The Pentagon spokesman said that the "Big Pine" operation will be combined with the "Terencio Sierra" operation, with the participation of former National Guard mercenaries and the U.S. National Guard.

This is part of the reply given by the U.S. President to the efforts recently made by the Contadora Group in Washington. While the maneuvers take place opposite our coasts and in Honduran territory, the Reagan administration continues to request $100 million to help the contras with lethal material.

The battleship Iowa and the John C. Hall frigate today begin naval maneuvers opposite the Central American coasts to show the power of the U.S. Navy and (?intimidate) Nicaragua. [Words indistinct] to show our friends the power of the U.S. Navy and the support we could give them if they needed it, said Iowa commander Captain Gerald E. Gneckow. Reports from Panama indicate Gneckow hosted a news conference yesterday (?aboard) the battleship, which is anchored in Balboa port, Panama, after crossing the canal with the frigate [words indistinct].

ARDE REPORTS FMLN INVOLVED IN 'FIERCE OFFENSIVE'

PA260402 Panama City ACAN in Spanish 0014 GMT 26 Feb 86

[Text] San Jose, 25 Feb (ACAN-EFE) -- The anti-Sandinist Democratic Revolutionary Alliance [ARDE] today reported that its forces had met with a "fierce offensive" that included Salvadoran guerrillas. In a communique disseminated clandestinely in this capital, Eden Pastora, ARDE's commander in chief, reported that 73 clashes had occurred in 45 days.

The fighting was in Nicaragua's central departments, including Chontales, Boaco, Central Zelaya, El Rama, Nueva Guinea, and part of Rio San Juan, in the country's south.

According to the communique, Salvadoran guerrillas from the FMLN participated in this offensive, side by side with special forces of the Nicaraguan Interior Ministry. ARDE charges the FMLN with attacking -- "with the purpose of annihilation" -- Tulon, Fajardo, and El Cojo in Rio San Juan Department, "where more than 100 people, including peasants, the elderly, children, and women, have been killed."

In addition to these 73 "regular clashes," ARDE reported "a large number of ambushes" against the Nicaraguan Army. According to the same source, during this campaign 22,000 rounds of ammunition for AK-47 automatic rifles, 2 RPG-7 grenades, uniforms, medicine, Bulgarian canned food, military ponchos, and boots were seized from the Sandinist forces.

The communique stated that in these clashes the Sandinist troops suffered 163 casualties, including 52 dead, while the rebels suffered only 9 dead and 17 wounded.

FDN EXPRESSES 'DEEP CONCERN' OVER ARIAS' REMARKS

PA251617 Paris AFP in Spanish 2312 GMT 24 Feb 86

[Text] San Jose, 24 Feb (AFP) -- Nicaraguan Democratic Force (FDN) representative Jose Oscar Montalban stated today in San Jose that the anti-Sandinist groups represent the only barrier against Nicaraguan expansionism, and if they cease to receive aid from the United States, all of America will be devoured. At a press conference, Montalban expressed his organization's deep concern over statements made by Costa Rican President-elect Oscar Arias opposing U.S. military aid to "the contras."

The FDN representative said he was concerned on seeing Costa Rica follow the same line as the Contadora Group countries (Colomobia, Mexico, Panama, and Venezuela), the Contadora Support Group (Argentina, Brazil, Peru, and Uruguay), and the Socialist International. "The Sandinists are not going to be expelled from power, nor will they correct their policy merely because of political or diplomatic pressure," the anti-Sandinist leader added. He pointed out that it is illusory to harbor any ideas of coexistence, because "one cannot live with Marxists; one cannot educate piranhas." "So far, the dead have come from among the FND. If aid is denied and 'the contras' disappear -- which is very unlikely -- the Costa Ricans and other sister countries will be supplying the cannon fodder, as without our pressure, the Sandinists are going to devour all of Central America," Montalban stated.

The FDN representative said he believes that opposing U.S. military aid is "unjust and biased." He emphasized that his movement is "the only democratic guerrilla movement in the world," and that it is not justifiable to condemn aid from the democracies to democratic forces, while condoning "aid from the USSR and from terrorist countries like Libya and Iran to the communists." There isn't a war "between the United States and Nicaragua," as the Contadora Group and its supporters try to demonstrate, "but a fratricidal war between Nicaraguans," the FDN being made up of 20,000 peasants and workers.

In San Jose today, Colonel Enrique Bermudez, FDN military chief, and a former officer of Anastasio Somoza's guard, as were eight of the nine other members of the anti-Sandinist organization's general staff, rejected Amnesty International's report on human rights violations committed by the FDN. Bermudez said that organizations like Amnesty International "are in the hands of leftist groups and only serve to make propaganda for internatinal communism."

ARDE REPORTS EPS ATTACK ON CIVILIAN TOWNS

PA272335 San Jose LA REPUBLICA in Spanish 20 Feb 86 p 14

[War Bulletin issued by Democratic Revolutionary Alliance; place and date not given]

[Text] On 9 and 10 February of this year, and with no provocation from civilians, the areas of Tulon, Fajardo, and Cojo, located near Rio Tulon and the lake port of San Miguelito, Rio San Juan Department, were savagely attacked and bombed by troops of the pro-Soviet EPS [Sandinist People's Army], combined with special forces from the Interior Ministry, using machineguns and heavy weapons and supported by three MI-8 Soviet-made helicopters, which also dropped 500-lb bombs on the towns.

The bombing, which lasted approximately 2 hours, reduced the houses in the three towns to ashes. Under the debris, the same troops of the Managua government, while searching for Democratic Revolutionary Alliance [ARDE] guerrillas, collected 99 corpses of peasants, women, elderly persons, and children and buried them in several common graves. Some 300 civilian who were able to escape from the bombing were helped immediatley by ARDE fighters operating in that area on orders of Commanders "Navegante" and "Leonel." Once they were out of danger, they proceeded to aid the wounded. It is estimated that some 150 civilians, with both minor and serious injuries, were taken prisoner by the Managua troops.

LATE REPORT: TINOCO DENIES DISINFORMATION CAMPAIGN

PA281340 Managua Radio Sandino in Spanish 1252 GMT 28 Feb 86

[Text] Deputy Foreign Minister Victor Hugo Tinoco has stated that in view of its weak arguments to justify its request for the millions in aid for the counterrevolutionary groups, the Reagan administration has invented the charge that Nicaragua is carrying out a disinformation campaign to influence U.S. public opinion. He states this when referring to the accusations made by the U.S. Government, falsely claiming that it has a document revealing that the Nicaraguan Government is carrying out a disinformation campaign to influence political sectors and the U.S. people.

[Begin Tinoco recording] The efforts to present Nicaragua as a superpower in its capacity to influence U.S. public opinion and Congress are just a reflection of the great weakness of the arguments that the U.S. Administration is using to justify its request for aid for the counterrevolutionaries. The efforts to use that claim to undertake an almost McCarthyite persecution and the efforts to a priori accuse of being pro-communist anyone who opposes Reagan -- which (?is also reflected) in last night's speech -- show the lack of arguments and substantiation in the administration's request. In short, they show the lack of political and moral arguments in the administration's current policy against Nicaragua. [end recording]

Tinoco indicated that, like any country, Nicaragua has organized in New York a public relations office to clearly and objectively make known the view and positions of the Sandinist people's revolution.

[Begin recording] First of all, it is a fabrication that there is a disinformation campaign; that there is a disinformation document; and that such a document has the influence and circulation that the administration claims. Obviously we have magnificent relations with a number of U.S. sectors opposed to the war. You know that we have a small public relations agency of two or three people in New York, but this cannot be used as a argument to promote a campaign of persecution within the United States. [end recording]

Those were the statements by Deputy Foreign Minister Victor Hugo Tinoco to the national and foreign press yesterday in the Hall of Ambassadors of the Foreign Ministry.

REAGAN'S DEFENSE SPEECH REFLECTS CONTROVERSY

FL271504 Havana Radio Progreso Network in Spanish 1200 GMT 27 Feb 86

[Station commentary]

[Text] Last night, U.S. President Ronald Reagan reaffirmed his willingness to negotiate with the USSR from a position of strength and asked U.S. citizens to support the astronomical military budget which is to the detriment of social programs. During a speech televised from the White House's Oval Office in Washington, Reagan said that if the U.S. war budget, which exceeds more than $311.6 billion for 1987 [as heard] is reduced negotiations with the Soviet Union will be compromised and, he added, could endanger peace. The speech reflected the intense controversy between the White House and the U.S. Congress on the nation's military spending.

The leader referred to those in Congress opposing increased military spending as indifferent and irresponsible and he ardently defended his so-called Strategic Defense Initiative program, known as "star wars." Reagan criticized U.S. congressmen who oppose testing anti-satellite weapons' systems with the false argument that they are trying to weaken negotiations between the United States and the Soviet Union and in this way are protecting and offering a unilateral concession to the Soviets.

Reagan added that the United States' war-like power is the indispensable element for a peaceful world. Nevertheless, he never referred to the opinions expressed by the high-level Soviet leader on Washington's answer to Moscow's peace initiative presented last January proposing the two countries reduce and ultimately eliminate nuclear weapons.

SOVIET TV INTERVIEWS CASTRO ON CPSU CONGRESS

FL280225 Havana Television Service in Spanish 0100 28 Feb 86

[Text] We offer you a news summary of the 27th CPSU Congress' third day of sessions. An exciting and unusual incident took place during the morning session's recess when the delegates unexpectedly surrounded our Commander in Chief Fidel Castro in the hall of the Kremlin's Palace of Congresses to salute him. These clips clearly show the affection and admiration the Soviet people feel toward our leader. After this fraternal encounter with the delegation, Fidel granted an interview to Soviet television.

[Begin recording of unidentified reporter in Russian with Spanish translator] Allow me to ask you a question, [words indistinct] the congress of your glorious party was recently held. Can you say that the Cubans have the same feelings of enthusiasm and hope?

[Castro] Of course, he said the congress of our glorious party. Our party is a new one, it is still young. I reserve the word glorious for the Soviet party. We had a delegation headed by Ligachev at our congress. This was an expression of the existing solidarity between our two countries and our two parties. It is not a secret, there are strong ties between our two countries and parties.

[Reporter] The last question. From your point of view, what importance do you think the 27th congress may have in the titanic struggle for peace and the progress of socialism?

[Castro] As I said yesterday, I saw that the 27th congress was going to be a historic congress. This congress was organized during the April 1985 plenum through democracy and by outlining the great goals and objectives, which in the area of foreign policy is peace.

That is basic. In the domestic area is what has been called the acceleration of the pace of social and economic development based on the progress of science and technology. These are things of great importance. We are living through difficult, complex, and dramatic times. I believe the efforts the Soviet party has begun to make through the statements and actions of Comrade Gorbachev have played a decisive role in helping to clear the international atmosphere, the climate of tension and war. Today, the countries of the world look at the Soviet Union with the fundamental hope for peace, for humankind's survival. I believe this congress will have a decisive role on that policy, in foreign policy as well as in the struggle to encourage development under current conditions.

[Reporter] Thank you, Comrade Fidel for these words from the halls of the Kremlin with the delegates to the congress. [end recording]

NICARAGUAN-COSTA RICAN BORDER AGREEMENT NOTED

PA261712 Havana International Service in Spanish 0000 GMT 26 Feb 86

[Report by Hugo Luis Sanchez from Managua, Nicaragua -- live or recorded]

[Text] There might be peace along Nicaragua's southern border as a result of a preliminary agreement signed here in Managua with Costa Rica that corners the contra groups operating in that area.

Deputy Foreign Ministers Gerardo Trejos, from Costa Rica, and Victor Hugo Tinoco, from Nicaragua, held talks that concluded last night with a preliminary agreement for creating an inspection and vigilance commission. Trejos told the newsmen who had been seeking him out throughout the day that this commission is a civilian one and will receive advice from security experts. As soon as the two governments approve it and the funds required for this task are obtained, the commission will begin its work, he added.

Trejos several times evaded a question about the ARDE [Democratic Revolutionary Alliance] contras in his country, and merely said that, to the best of his knowledge, there were some cattle rustlers along the border. The truth of the matter is that the problem stems from this area, one of the hottest spots in Central America, and the fact that ARDE has found shelter in Costa Rica for establishing its bases from which it can attack Nicaragua and then return to Costa Rica. Now, if the commission is established, ARDE will have to choose between confronting the Sandinist People's Army -- which has practically wiped it out -- or joining the bands attacking Nicaragua from Honduras.

However, last night, when we thought we would only have a press communique, the reporters were allowed to attend a meeting of Nicaraguan President Daniel Ortega with Trejos, Tinoco, and the deputy foreign ministers of Contadora. At this time, Ortega described Costa Rica's stand as very pro-Central American and very mature and that now Honduras also wants peace with Nicaragua, as well as other countries in the area, which he did not mention. The only thing left now to see is the reaction by Washington -- which created the conflict in the region -- to the announcement of this preliminary agreement. Somebody asked Trejos what would the White House's reaction be and he said: You better ask the United States about that.

CUBAN-SOVIET ECONOMIC RELATIONS HIGHLIGHTED

FL270318 Havana Television Service in Spanish 0100 GMT 27 Feb 86

[Text] The economic and trade relations between Cuba and the Soviet Union -- re-established 26 years ago -- have been highlighted in a meeting held in Havana. During the current 5-year period, Cuba will be at the top of all socialist countries in the area of cooperation with the Soviet Union, according to Vladimir Zaikin, deputy economic counselor of the Soviet Embassy in our country. He also said that during this year, the Cuban industry will assemble 10,000 color television sets in the first stage of a bilateral project in this area of electronics.

Jose Rosado, chief of the USSR division of the State Committee of Economic Cooperation, made an extensive account of the aid provided by the Land of Lenin to our country since the day the revolution triumphed and aggressions of Yankee imperialism began against our territory. Cuba and the Soviet Union have an economic, scientific, and technical cooperation program which extends until the year 2000.

SOVIET SHIP TRANSPORTING DONATIONS ARRIVES

FL270331 Havana Television Service in Spanish 0100 GMT 27 Feb 86

[Text] The unyielding solidarity of the Soviet people with Cuba is once more made evident with the arrival at the Caibarien Port in Villa Clara of the ship "50th Anniversary of the Ukranian Soviet" which brought a donation of goods that are necessary for recovery. Sixteen miles from the Caibarien Coast, volunteer workers are attempting to unload the ship as quickly as possible. This is the best salute of the Villa Clara people to the 27th CPSU Congress.

TRADE WITH LATIN AMERICAN COUNTRIES INCREASING

PA280003 Havana International Service in Spanish 0000 GMT 27 Feb 86

[Report by Nestor Nunez]

[Text] Despite U.S. pressure, the democratic opening taking place in a significant number of Latin American countries has allowed Cuban trade with other countries on the continent to register important increases. In addition, the possibility of a firm regional integration has been strengthened. In fact, Cuban trade with Latin American and Caribbean countries was all but interrupted during the sixties due to a Washington economic blockade against the revolution and a massive break of relations with our country orchestrated by the United States with the support of Sepoy [cipayo] governments in the area. However, in the seventies, the situation began to change in a significant fashion, and between 1980-84, the volume of Cuban trade with the rest of the continent increased to $1.14 billion. During that period, the participation of Latin America in Cuba's trade with market economy countries reached its peak, nearly 13 percent, compared to only 7 percent in 1958, shortly before the triumph of the revolution.

It is undeniable that democratization processes and regional awareness on the uselessness of formulas plotted by Washington to solve the Latin American economic crisis encourage an increase in relations among all peoples in the area. They also strengthen criteria regarding the need for a firm and lasting integration.

Cuba's trade relations with the rest of Latin America offer broad opportunities. For example, Argentina is our country's third trade partner overall and the first in the region. Meanwhile, Mexico absorbed 66 percent of Cuba's exports to Latin America in 1984. [sentence as heard] In addition, trade relations with Uruguay were reestablished and there are possibilities for a stable and unlimited development of our trade with Brazil.

The fact that the Cuban economy is centrally-planned offers countries in the region the opportunity to deal with a single purchases and seller and guarantees an unrestricted fulfillment of commitments.

1986-1990 ECONOMIC PROSPECTS, PROGRAMS DISCUSSED

FL271452 [Editorial Report] Havana Tele-Febelde Network in Spanish at 0132 GMT on 22 February carries a special program in montage format titled "Cuba and Its Economy During the 1986-1990 5-Year Period." which includes statements by Dr Helenic Ferrer, vice chairman of the National Commission on the Environment and Natural Resources, and an unidentified announcer.

Referring to a segment dealing with the economy's growth rate, the announcer says:

"The participation of the industrial sector in the economic objectives of the entire economy should account for about 50 percent of the gross social product [producto social global], while exports should increase at an annual rate of at least 5 percent, and in the 5-year period should reach a level of not less than 1 billion pesos more than in 1984 in exports other than sugar and for services to the convertible currency area. At the same time as these objectives are achieved, it is necessary to guarantee that the rate of increase of imports be less than the rate of increase of created national income [renta nacional creada] and less than the rate of increase of exports, and that this be the result of an effective effort to substitute imports with national products, and of the application of other economic measures that reduce imports.

"In the field of science and technology in the 5-year period, it will be necessary to achieve the maximum use of our national potential in science and technology, concentrating our efforts on economic and social development. The relationship between research and production, and services and research and higher education centers must be strengthened. It is necessary to advance in creating the technological infrastructure of pilot plants, shops that build prototypes, and project and design bureaus that make it possible to put the results of scientific and technological research into full-scale production.

"Another main objective of the entire Cuban economy [economia global cubana] is the development of a policy of moral and material incentives for researchers, economic organizations, and scientific and teaching institutions and associations that promote interest and active participation in the process of introducing achievements.

With respect to the country's scientific-technical development, use of nuclear sciences and technology, biotechnology, electronic and computer techniques, and other advanced sciences, which Castro's main report states "will be the foundation for the country's future development," the announcer says: "In modern society, development requires vast industrialization programs; in these programs, scientific/technical progress must guarantee the protection of the environment and the proper use of natural resources, which are man's source of life."

Dr Ferrer adds: "We recently finished an environmental protection program that will be presented to the central group next week; we believe this program will advance all these tasks considerably. It is necessary to increase the amount of information we make available on the environment. We can make use of all the Cuban mass media that serve the needs of our people to pass the message to the entire population of our country. In the case of youth, we have worked intensively with the comrades of the Union of Young Communists in the activity of camping so that this activity will constitute an element of conservation of the camping sites, which are of course the most beautiful in Cuba; this helps to create a protective conscience that protects our natural resources and nature.

"These new investments are increasingly being evaluated to determine their impact on the environment to keep the investments from degrading our environment or worsening certain aspects we inherited from the former capitalist society, in which the basic premise was economic gain, with no importance given to the degree to which nature was affected.

"We are working to increase economic use of waste. Many of our industrial and agricultural enterprises produce a great volume of waste that is injected into the environment and degrades the environment; if this waste were properly used, it could constitute a resource for our country, fundamentally for the production of energy, fertilizers, animal feed, and other products, if we recycled some of these raw materials that we now put back into the environment. With regard to soils we should say that, for example, in Southern Guantanamo Province, there is a great area of salinized soils. We are studying and working on using certain wastes to make these soils fertile again and to rehabilitate them by removing the salinity that makes it impossible to put them to economic use. In the mining area of Moa and Nicaro, where open pit mining is general, there is great damage to the soil; we are working hard to reclaim and reforest the area.

"We want to mention the examples of Havana Bay. In the last 5-year period, studies were conducted to determine the causes of and possible solution to the contamination of Havana Bay. These studies, in which international organizations with specialists from different countries participated, together with a large number of Cuban specailists, have created the bases that will permit us to extrapolate from our experience with Havana Bay and study other Cuban bays that, although they are not as contaminated as Havana Bay, have some degree of contamination and are exposed to accelerated industrial development, as in the case of Cienfuegos Bay, Nuevitas Bay, Matanzas Bay, and Cardenas Bay, which make it necessary for us to take a series of steps to avoid finding ourselves with the same level of environmental contamination as in Havana Bay."

Dwelling further on the same subject, the announcer says:

"On that indicator, the economy must achieve energy planification and perfect its statistical information. Technically supported consumption norms for all the big consumers are an extremely important requirement. In 1990, the country must achieve a reduction in the specific consumption of fuel per unit of weight of the gross social product of not less than 10 or 15 percent of 1985 consumption. It is necessary to work to raise the quality and reliability of the measurement of [words indistinct] and to broaden and improve the verification and repair of measuring instruments. This will contribute to energy conservation, an increase in the use of new renewable sources of energy such as direct solar energy, the wind, and the biomass [biomasa] in all its forms, by intensifying the construction and use of windmills, biogas generators, solar heaters, and other ways of using the energy of the sun. Scientific and technical advances also occupy an important place in the energy conservation policy. The use of the computer makes it possible to achieve an increase in the energy efficiency of present-day installations. The country must broaden and strengthen the role of state energy inspection and continue to support bilateral cooperation and cooperation agreements with multilateral organizations such as CEMA, OLADE, and the United Nations among others, with the goal of complementing national efforts to achieve greater technological capacity in fuels.

Referring to Castro's main report which deals with livestock breeding and agricultural production, the announcer reports:

"In agricultural activities, the country will have the basic goal of advancing towards the completion, organization, and efficient exploitation of the agricultural and forestry infrastructure by applying scientific-technical methods. It is necessary more rationally and fully to preserve and use the land, making maximum use of the earth and increasing its fertility. The conservation and technical-economic use of water is necessary. Agriculture must perfect its system for selecting high-grade seeds and so guarantee indispensable levels of production. To guarantee that these main goals of the entire economy develp satisfactorily and bear fruit, it is necessary to perfect the application of preventive measures, diagnosis, veterinary and plant inspection, and weed control.

"What are the prospects for the growth of agriculture not related to the sugar industry for the 1986-1990 5-year period?"

Dr Ferrer further states: "The total number of bovine cattle, basically the number of cows, must increase. Cows must represent 34 percent of the herd. In the 5-vear period, about 5.4 billion liters of milk will be produced and its quality will be improved. In 1990, through sustained growth, 324,000 tons on beef on the hoof will be produced. The nourishment of and the quality of industrial feed for cattle must be imporoved, with an increase in the use of national raw materials. The reforestation program for the 5-year period 1986-90 should reach the figure of 1 billion trees and is directed basically at the reforestation of areas where trees once grew, especially in mountainous areas. Reforestation will also be intensified along river banks and around dams. The country should emphasize the fulfillment of the specialized program of increasing the use of machines in reforestation work, lumbering operations, and the modernization and diversification of the lumber industry and lumber products. Together with this policy of preserving and protecting our flora, it is necessary to achieve the greatest efficiency in the use of the wood and forestry reserves of the country, and especially in collecting the trees cut in land clearing and technical operations. Within the economic strategy of socialism, these aspects will be the basic work objectives of Cuban society for the 5-year period 1986-1990. Through these work objectives, in the different sectors and branches, progress in socialist relations in production will be consolidated."

POLITBURO, CC MEMBERS PRESIDE OVER CULTURAL PLENUM

FL272012 Radio Periodic Del Aire in Spanish 1700 GMT 27 Feb 86

[Text] A wide-ranging analysis of the cultural labors performed in 1985 characterized the assessment meeting of the cultural sector in the capital. The reports presented by the Havana City Province Directorate of Culture and the People's Council of Culture were debated by those in attendance. The Assembly also studied the work planned for 1986. Armando Hart Davalos, Politburo member and minister of culture, Jorge Lezcano Perez, Central Committee member and first party secretary in the capital, Oscar Fernandez Mell, president of the Provincial Assembly of the People's Government, and other leaders from the Ministry of Culture, the party, and the government of Havana City Province presided over the plenary session.

CORRECTION TO CASTRO ADDRESS TO CPSU CONGRESS

The following correction pertains to the item headlined "Castro Addresses 27th Soviet Party Congress," published in the 27 February Latin America DAILY REPORT, page Q 2, paragraph two:

...Perhaps imperialism believes that in exchange for the policy of universal peace -- to which the socialist countries and all the peoples of the world are committed and which is an objective necessity to the developed capitalist countries themselves -- it would then be able to arrange as it pleases the destinies of the developing countries of Latin America, Africa, and Asia?... (rewording paragraph)

HAITI

REPORTAGE ON CONTINUING SOCIAL UNREST, DETENTIONS

Police Action Leaves 1 Dead

PA271302 Madrid EFE in Spanish 1245 GMT 27 Feb 86

[Text] Port-au-Prince, 27 Feb (EFE) -- Police intervention in the home of a Haitian newsman in the city suburb of Petion Ville last night resulted in 1 person killed, 2 missing, and 12 persons arrested. The incident occurred at approximately 1900 local (2200 GMT) -- shortly after a curfew was implemented again -- while persons inside the house were playing cards.

The 22 arrested were released shortly after being beaten and taken to the general hospital of Port-au-Prince, many of them with factured arms and legs.

According to the testimony of one of the arrested, the policemen who took part in the operation beat those arrested with nightsticks, forcing them to lie face down. "The officers passed and each one of them would beat us," he said.

After several days of demonstrations following the departure from the country of persons close to the regime of former President Jean-Claude Duvalier, several sectors have demanded the ouster of the civilian-military council. Alex Cineas, an engineer, and Colonel Prosper Avril, who were very close to Duvalier, do not have the confidence of the Haitian peoples, according to observers.

Further Report

LD272129 Madrid International Service in Spanish to Europe 2025 GMT 27 Feb 86

[Text] A group of soldiers from the Haitian Army entered the Spanish news agency EFE's correspondent's house in Port-au-Prince and killed one person last night. A detachment of 11 soldiers entered the offices of the Spanish agency on the orders of a lieutenant and tore out the wires of the teleprinters, which were transmitting at the time, and then fired machine gun bursts at the people in the agency's offices. One of these people died and another seven were injured. Furthermore they arrested the other 22 young people who were in the correspondent's house, all of whom were collaborating with the Spanish agency's journalist by providing him with reports from various parts of the country.

Curfew Altered

PA280405 Madrid EFE in Spanish 0113 GMT 28 Feb 86

[Excerpts] Port-au-Prince, 27 Feb (EFE) -- Looting and unexplained detentions have continued in Port-au-Prince, while the Army seems unable to control the mobs, who attack and destroy the homes of Duvalier's followers. About 50 percent of the stores closed today and others were plundered during the day.

In addition to the demonstrators, very few people walked the streets of the capital's suburbs. The 2300 (0400 GMT) to 0700 (1200 GMT) curfew was altered by half on hour Wednesday. For this reason, many people were forced to stay where they were when the curfew commenced. The most serious problem seems to be that the Army has not been able to check the prevailing civilians' disorder so far. Despite warnings and the curfew, this disorder has cost dozens of people their lives.

Mobs Lynch Two

FL280108 Bridgetown CANA in English 0046 GMT 28 Feb 86

[Text] Port-au-Prince, Feb 27, CANA-REUTER -- Enraged mobs lynched two members of Haiti's now disbanded Tontons Macoute secret police after they were said to have poisoned a water reservoir in a northern Haitian town, police said today. The lynching occurred yesterday following radio reports, later proved to be false, that up to 29 people had died after drinking water from a poisoned well in the northern town of Port-de-Paix.

A police spokesman in Port-de-Paix said the two had been members of the Tontons Macoute, the private militia of the Duvalier family dictatorship. These two were believed to have poisoned the water and angry people killed them, the spokesman said. He identified them as Dorval Novet and Nesma Vixama.

The Red Cross said today no one had died from contaminated [passage indistinct] belonging to suspected Tontons Macoute were looted today, witnesses reported, but there was little of the tension that prompted the government yesterday to impose a 7 pm curfew. The curfew was moved up from 11 pm, after scores of Haitians reacted to the poisoned well report by taking to the streets with clubs, axes and iron pipes in search of officials suspected of crimes during 28 years of rule by the Duvalier family, which ended when President Jean-Claude Duvalier fled Haiti for France abroad a U.S. plane this month.

TRINIDAD-TOBAGO

FORMER ENGLAND CRICKETER, REPORTER 'UNDER GUARD'

FL280026 Bridgetown CANA in English 2358 GMT 27 Feb 86

[Text] Port-of-Spain, Trinidad, Feb 27, CANA -- Still under guard at a downtown port of Spain hotel, former England cricketer, Geoffrey Boycott, said tonight that he had not yet received the work permit which he applied for a few hours earlier to cover the Trinidad leg of the England's tour of the region. I've heard nothing yet, Boycott told CANA at the door of his hotel at 6pm.

Earlier today, following representations at ministerial level by British High Commissioner Sir Martin Berthoud, Boycott and British sports journalists, Matthew Engel of the GUARDIAN newspaper -- who arrived on the same flight last night and was detained in the hotel room next door to Boycott -- were told that they could apply for work permits. Boycott, who has been engaged to provide ghosted comment pieces for THE MAIL ON SUNDAY, said he and Engel were shuffled from official to official for two hours at the airport last night when they arrived without a work permit and then driven with a security man to Holiday Inn Hotel. Both were served with deportation orders and told to go on the first plane back to London, which Engel said would not be available until 8 pm (local time) tomorrow. Their passports were also seized.

Work permit regulations in Trinidad and Tobago have previously been waived for journalists covering cricket. The decision to enforce them reflects the anti-apartheid feeling which has been mushrooming this twin-island republic for the last few months because of the presence in the England squad of players who have played or coached in South Africa.

Engel said that he and Boycott had, unknown to each other, booked on the same flight from Kingston, Jamaica where the England cricketers last played. Engel added that he decided to come ahead of the touring team to get a feeling of situation in Trinidad.

At least another 15 British journalists were due here tonight with the England team who will start a three-day match against Trinidad and Tobago tomorrow.

Trade unions are organizing demonstrations to greet the team and have called for a boycott of the matches here and demanded that the offending players be refused entry. Bagtage handlers at Port-of-Spain's airport have said they will refuse to carry the tourists luggage and taxi drivers pledged to turn down fares wanting to go the Queens Park oval where the second and fourth tests and two one-day internationals are also due to be played.

SECURITY TIGHTENED FOR CRICKET GAME WITH UK

FL280043 Bridgetown CANA in English 0032 GMT 28 Feb 86

[Text] Port-of-Spain, Trinidad, Feb 27, CANA -- Three guards, one of them armed, along with three dogs, are nightly guarding the pitch at the Queens Park oval where the controversial England touring team is due to play against Trinidad and Tobago in a three-day match starting tomorrow.

The move by cricket authorities to step up security at the oval follows planned protests against the team which includes five players who have appeared in South Africa.

The Queens Park Club, owners of the ground, have hired a security firm to protect the playing area. The guards have been at the job for the past four nights.

Everything is going fine up to now, one of them told CANA tonight, but we don't know for the future. He said that the operation is in force from 6pm to 6am each day. Outside of the ground, policemen have been patrolling all day.

Meanwhile, anti-apartheid demonstrators have begun to gather at Piarco Airport to greet the England team which is due about 11.30 pm. Let us show the world despite the action of our political leaders that Trinidad and Tobago is against apartheid, chairman of the Committee in Defence of West Indies Cricket (Cidwic), which is organising the protests, Lyle Towsend told reporters today.

The government had declined a Cidwic request to deny entry to the players with South African links although Prime Minister George Chambers says he would be boycotting the matches to be played here, including the two tests and one-day internationals against the West Indies.

Meanchile, cricket officials say reserve ticket sales for the second one-day international on March 4, have been satisfactory so far.

In addition, Trinidad and Tobago representative of the West Indies Cricket Board of Control (Wicbc), Lance Murray, said today that 700 reserve tickets had been sold for the second test beginning next Friday.

The first test betweens the West Indies and New Zealand in 1985 had sole 1,200 reserve tickets in all.

DOMINICAN REPUBLIC

PRESIDENT ON CONTINUED COOPERATION WITH HAITI

FL221500 Santo Domingo Radio Mil Network in Spanish 1000 GMT 22 Feb 86

[Text] President Salvador Jorge Blanco has asserted that the Dominican Republic will continue cooperating with the Haitian Government established after dictator Jean-Claude Duvalier fled the country. The head of state indicated that the Dominican policy is based on non-intervention in other countries' domestic affairs. He said: However, we have to contribute to Haiti's development in order to avert fears in our country.

ELECTORAL BOARD FORMALLY OPENS CAMPAIGN PERIOD

PA222312 Paris AFP in Spanish 1816 GMT 22 Feb 86

[Text] Santo Domingo, 22 Feb (AFP) -- The campaign to elect the next government of the Dominican Republic was officially opened today with a formal proclamation by the Central Electoral Board. The elections will take place on 16 May, and the new government will take office 3 months later. Thirteen parties, which cover the entire range of current political thinking -- liberals, Christian Democrats, social democrats, socialists and two communist parties -- have already registered to participate in the contest. Only three groups have a real possibility of winning:

-- The governing Dominican Revolutionary Party [PRD], a social democratic party whose candidate is Jacobo Majluta, the current president of the Senate. Majluta has also been nominated by the Liberal Party, "the structure" [as received].

-- The opposition Social Christian Reformist Party [name as received] which has nominated Joaquin Balaguer, who was president from 1966 to 1978.

-- Another opposition party, the Dominican Liberation Party, whose ticket will be headed by Juan Bosch, a former "Marxist, but not Leninist" president who ruled for 7 months in 1963, but was deposed in a coup d 'etat.

Today, the PRD candidate launched his campaign with a caravan through the main streets and avenues of Santo Domingo.

SURINAME

FOREIGN MINISTER TJON KIE SIM REPLACED

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[Text] Georgetown, Guyana, Feb 27, CANA -- Suriname has replaced its foreign minister, Eric Tjon Kie Sim, officials at the country's embassy here reported today. An official said the minister, who was due here tomorrow for talks with his Guyana counterpart Rashleigh Jackson and other government officials, ceases to be Surinamese foreign minister. The embassy in Georgetown gave no explanation for the sudden change. Up to last week the two South American neighbours who share a border were preparing for the two-day visit that was expected to focus on greater economic and technical co-operation. Guyanese officials said trade between the two countries was high on the agenda. A statement for the embassy said the Surinamese Government remains committed to pursuing areas of co-operation with Guyana.